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Topical Papers 3

Transparency in International Arms Transfers

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Transparency in International Arms Transfers

United Nations, New York 1990

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Preface

"Transparency in International Arms Transfers: Initiatives of Governments and Possible Multilateral Action" was the subject of a symposium co-sponsored by the United Nations and the Government of Italy, which was held in Florence, Italy, from 25 to 28 April 1990. The City of Florence extended invaluable assistance to the sponsors in this endeavour.

The symposium was organized by the United Nations Department for Disarmament Affairs, headed by Under-Secretary-General Yasushi Akashi, in consultation with the Forum per i Problemi della Pace e della Guerra (Forum on the Problems of Peace and War), an Italian research institute. The Forum was represented at the meeting by its president, Professor Mario Primicerio of the University of Florence. The meeting brought together a number of diplomats and governmental officials active in the field of disarmament and a group of highly qualified experts from both supplier and recipient countries (see annex II). It provided a timely opportunity to debate and clarify such basic issues as ways and means of promoting restraint in international arms transfers; restraint as a factor in reducing regional tensions; the relationship between transparency and confidence-building; and prospects for the limitation of international arms transfers through initiatives of Governments and multilateral action. Six background papers were prepared specifically for the meeting.

After several unsuccessful attempts, in 1988 the General Assembly of the United Nations was able to adopt a substantive resolution on arms transfers (43/75 I of 7 December 1988), based on the conviction that "arms transfers in all their aspects deserve serious consideration by the international community". By it, the Assembly requested Member States to consider specific measures for the reinforcement of their national systems of control and vigilance concerning the production and transport of arms; for limiting the acquisitions of arms to those needed for legitimate national security requirements; and for promoting more openness and transparency in the field of international arms transfers. The resolution also requested

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the Secretary-General to carry out, with the assistance of governmental experts, a study of ways and means of promoting transparency in international transfers of conventional arms on a universal and non-discriminatory basis, for submission to the General Assembly at its forty-sixth session, in 1991.

The Florence symposium addressed practically all the issues outlined in the General Assembly resolution, both in plenary meetings and in two working groups: Working Group I, dealing with "National restraints and limitations on arms transfers in the interest of international security", and Working Group II, called to consider "Possible multilateral action on international arms transfers as a means of building confidence and resolving regional conflicts".

The meeting was opened in the historic Palazzo Vecchio—the City Hall of Florence—on 25 April, by the Mayor of Florence, Mr. Giorgio Morales. On the following two days, a general exchange of views was held and the two Working Groups met. On 28 April, the meeting was brought to a close.

The ground covered by the symposium is recorded in the following pages by theme. It is hoped that the presentation will help clarify the major aspects of the problem of international arms transfers—a problem that urgently needs to be pursued by Governments as well as by the international community as a whole, with growing awareness of its implicit dangers.

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Part One

An overview

An Overview of the Situation

Yasushi Akashi

For too long, the issue of restraints on international arms transfers was considered within the United Nations to be a "non-starter". There had been several proposals to place it on the agenda of the General Assembly, but even though they were rather modest in scope, none had succeeded until General Assembly resolution 43/75 I was adopted, in 1988. The issue has been inextricably embedded in the political and ideological confrontation of the post-Second-World-War era. Neither West nor East seemed willing to forgo the options that arms supplies offered them to promote their own visions of the world. The recipients, for their part, were highly suspicious of any attempt to impose restraints, unless such restraints were an integral part of a broader arms limitation and disarmament effort.

Major arms suppliers have often used the transfer of arms as a means of promoting specific foreign policy objectives as well as of responding to their particular national security considerations. On a more mundane level, some arms transfers were prompted in order to reduce research, development and production costs for the producers also, and perhaps for the purpose of testing new weapons in actual combat situations. Furthermore, for many companies involved in it, this trade has become rather lucrative – an additional complicating factor.

The issue of arms transfers has not, however, been the sole prerogative of suppliers. Recipient countries have played an active role in spurring the volume of arms transfers. They point out that they also have their own national security requirements which must be met, and, being unable to manufacture their own weapons, they have had to seek suppliers abroad. Historically, recipients have perceived both external and internal threats, and many have felt that they needed weapons to consolidate their newly acquired independence.

Yasushi Akashi is Under-Secretary-General, Department for Disarmament Affairs, United Nations, New York.

In some instances, recipient States have been drawn into East-West competition for spheres of influence. There may well have been cases in which the generosity of suppliers made it possible for recipients to opt for military rather than for peaceful solutions to their regional disputes. We are only too well aware of the fact that in the last 45 years or so, the world has experienced over 170 local conflicts and wars, mostly involving countries which rely on foreign supplies for their military needs. Thus, arms transfers have been regarded as a fundamental necessity of regional security and as an integral element of regional mistrust and tension.

These are well-known facts of the past. Some of the lessons learned in the process are relevant for the present-day situation. For one, it is clear that no meaningful progress can be made in this area unless a reasonable balance is established between the legitimate arms requirements and national security considerations of both suppliers and recipients, on the one hand, and the need to promote arms regulation and disarmament efforts at all levels – global, regional and local – on the other.

There have been both positive and not so positive trends in evidence in the last decade. The sheer volume of transfers in monetary terms has significantly declined. From a total of roughly $59 billion in 1982, it dropped to an estimated $29 billion in 1989. This is certainly an encouraging development. At the same time, however, the number of States importing as well as exporting arms has risen. Although the two major military Powers – the United States and the Soviet Union – still account for the largest share of all arms transfers, it is significant that several developing States have now entered the market as important arms producers and suppliers. This adds a new dimension to the whole issue and may create a different set of problems when dealing with the question of the regulation of international arms transfers.

Initially it might be most practical for us to tackle this highly complex and sensitive issue in the framework of the improvements in East-West relations. It is particularly encouraging that the United States and the Soviet Union are actively contributing towards the settlement of several regional conflicts and scaling down their arms supplies to opposing sides in various conflicts. This proves that such measures can indeed produce results within certain limits. It is also to be hoped that it will become somewhat easier to deal with the issue of international arms transfers in view of the overall importance which conventional disarmament has finally acquired in international security negotiations, particularly in Europe.

To believe, however, that positive changes in international relations are sufficient in themselves to resolve the problems associated with international arms transfers would be unrealistic. Political, economic and security interests and perceptions are most likely to continue to play an important role in the policies of both suppliers and recipients. The matter is further complicated by the fact that, through the assistance of some suppliers or by their own indigenous efforts, an increasing number of States are acquiring the technical capability to build highly advanced weapons, most notably, ballistic missiles. This is certainly an additional element which may significantly affect evaluation of the issue of the regulation of arms transfers on a regional basis.

If the international community wants to be successful in dealing with international arms supplies, unilateral or mutually agreed restraints on the part of the suppliers only cannot provide permanent answers to the problems involved. Just solutions to regional conflicts and disputes, which would eliminate the main reason for the acquisition of arms, would be an indispensable pre-requisite. At the same time, recipients would have to reassess their national security requirements as well and relate them more closely to the need for better economic growth and an overall regional and global balance. When attained, economic stability would by itself enhance the countries' internal and external security position in international affairs.

The issues involved in the regulation of arms transfers are complex and can be viewed from many different perspectives and give rise to different concerns. It is understandable that, to date, they have received less attention than have nuclear issues, but I believe that a more detailed consideration of ways to take action on them is now possible—and it is certainly urgent that we do so.

Let me point out in this connection that transparency in military matters has played a decisive role in creating conditions conducive to the far-reaching arms regulation and disarmament measures now being pursued in Europe. Transparency in international arms transfers may very well be the first step towards applying a wide variety of confidence-building measures in this area, leading eventually to an international consensus on the regulation of arms transfers in general.

High Priority Aspects

Ivo Butini

An analysis of the causes and implications of the very complex issue of international arms transfers is a recent undertaking at the United Nations. Only at the forty-third regular session of the General Assembly was a sufficiently wide debate on this issue started, which led to the adoption of a resolution by a considerable majority. The actions subsequently undertaken by the United Nations, however, proved to be rapid and effective. Member States' opinions and proposals regarding a possible approach to the problem were sought and a group of experts was set up to assist the Secretary-General in drawing up a report for the forty-sixth session of the Assembly.

We are experiencing an extraordinary stage in international affairs: the actual reduction of nuclear armaments has started, negotiations on a global ban on chemical weapons are about to be concluded and the major military alliances are in the process of reaching an agreement to reduce their forces in Europe. Hence the need to assess what further measures can be taken to ensure peace and stability all over the world. It has indeed been noted that the conflicts so far waged have been almost exclusively fought with conventional weapons and that their acquisition still constitutes a heavy drain on the budgets of small and large countries, irrespective of their degree of development.

Certainly, the need to defend against possible external enemies was historically one of the first elements of the development of civil society. Moreover, the right to protection is an inalienable right closely linked to the principle of sovereignty and is recognized as such by the Charter of the United Nations.

However, as when, under national legislation, an "excess of defence" accompanies a type of crime and is liable to sanctions, so the trend towards building up ever more massive and sophisticated arsenals and using them as an instrument of political intimidation, if not of military aggression, is abhorred by our societies.

Senator Ivo Butini is a Deputy Foreign Minister of Italy.

As democracy spreads ever more rapidly, our societies are becoming increasingly aware of and sensitive to this and other aspects of collective life, which were once left to the decision of only a few people. The public is less and less inclined to accept mistaken choices motivated by the desire for prestige and power—choices which ultimately contribute to increasing those factors of instability finding their way into various regions of the world.

The availability of weapons allows regional conflicts to drag on—a situation that has been tragically experienced in the course of human history. While exploring all the facets of the phenomenon of international transfers, specific priority could be attached to this issue and to its most alarming consequences.

It is no mere coincidence that, in the present favourable stage for disarmament, increasing attention is paid to the regional dimension, which has marked all the conflicts waged over the last 45 years. This is the framework in which concrete efforts to reduce the risks inherent in situations of political confrontation, fuelled by huge arms stockpiles, have recently been made with good prospects for success. The member States of the North Atlantic Treaty Organization (NATO) and the Warsaw Treaty have begun negotiations to alleviate the atmosphere of rivalry which, until recently, marked their mutual relations: the main classes of conventional weapons of their respective arsenals are to be reduced to the lowest possible levels.

Mechanisms for achieving transparency in the field of conventional weapons transfers—though they would not settle the conflicts already under way—could significantly contribute to reducing their scope. This aim was expressed in the Final Document of the first special session of the General Assembly devoted to disarmament, held in 1978. Indeed, the United Nations seems to be the ideal forum for studying the most appropriate mechanisms, including centralized forms of information, co-operation among more limited groups of countries in the same geographical area, and consultation between arms-exporting and importing countries.

Another priority aspect is the distinction to be drawn between illegal trafficking and the trade legitimately authorized by the relevant national authorities under certain circumstances. There exists a close link between the availability of weapons—especially the light ones with great fire-power – and typical cases of international law violations and organized crime such as terrorism, drug-trafficking and operations with criminal intent involving murders, kidnappings and large-scale extortions – violations which, unfortunately, are gaining an ever wider media coverage.

Some conventional weapons are undoubtedly difficult to class and assess. All Governments, however, have already enacted rules and regulations aimed at monitoring their transfer, especially when they are sent abroad.

A thorough analysis of the regulations in force in different countries can lead to innovative and viable solutions in the field of corporate co-operation. A special conceptual effort is now required to clearly define the limits of torts and offences in the field of international arms transfers. There is, however, a significant lack of sufficient transparency in the various phases of transfer – from the producer through the various middlemen to the final users. It is in this area that research within the United Nations is currently focused, since the availability of adequate information on the size and development of the arms trade is a prerequisite for any further development of a comprehensive assessment of this phenomenon.

The Nature and Dimension of the Problem

Michael Brzoska

Introduction

The words "arms transfers" denote two aspects of a complex issue. As arms, transferred weapons are part of the general problem of armaments and security. The weapons one State buys in order to counter those another State has are seen as a threat by the second State, so it will also get more weapons. Although this behaviour appears senseless to those not involved, it continues. As transfers, arms are part of international economics, for instance, the problem of debt.

But, in international arms transfers, the sum is more than the two parts. The security dilemma, for instance, involves more players when arms are imported. The debt problem is complicated by the fact that information about arms-transfer financing is withheld because of security considerations. In addition, there is a tendency among recipients of weapons to try to set up their own production, for which they need the delivery of know-how and components. These new producers, in turn, tend to become exporters themselves. Thus the transfer of military-related technology is very important to efforts to become less dependent on such trade, and it breeds more exporters at the same time.

Obviously the transfer of arms and the production of arms are very closely related. In fact, it seems equally pointless to study the international transfer of arms without reference to the production of arms, as it is to study it without reference to the effects of military capabilities and economic questions.

It is fairly obvious from these few remarks that arms transfers have many dimensions. They are intimately woven into the fabric of international relations and linked to the internal politics and

Michael Brzoska is a Senior Research Fellow at the Institute for Political Science, University of Hamburg, Federal Republic of Germany.

economics of recipient and supplier States. International arms transfers are a complex phenomenon, difficult to assess.

Producers, exporters, Importers

No military force is entirely supplied from domestic arms industries. All countries are arms importers, but only some are arms exporters.

The two most important military Powers, the United States and the Soviet Union, import only a few weapons systems and components for weapons systems built in other countries. They could produce the whole spectrum of weapons systems, but choose to buy some weapons abroad in order to create "two-way-streets" in arms trade with countries that are importers of their weapons.

Major reasons for these two States' great independence in arms procurement are the size of their military budgets, the strength of their arms industries and, above all, their extensive efforts in research and development (R&D). An estimated 80 per cent of world-wide military R&D is spent by the United States and the Soviet Union – a much higher percentage than their 60 per cent share of world military spending.

Below the United States and the Soviet Union is a group of industrialized countries able to produce many, but not all, of the weapons the domestic armed forces want. Even the procurement budgets of France, the United Kingdom or the Federal Republic of Germany are too small to finance the whole range of arms industrial activities. Their military R&D efforts are insufficient to remain on top of scientific advances in more than a few areas. There are various ways in which these and other States in Western Europe, Canada and Australia try to cope with the problem of limited domestic demand, all of which have direct implications for arms trading.

One way is to agree on a division of labour within a military alliance. So far this has been the pattern within the Warsaw Treaty Organization. The Soviet Union has produced about 90 per cent of the weapons deployed within the alliance, and the smaller countries have specialized in small arms, small aircraft and some types of ships. They have exported such weapons to the Soviet Union and have imported major weapons from it. In addition, they have tried to export outside the alliance those weapons in which they have specialized. Within the North Atlantic Treaty Organization (NATO), there is no agreed upon division of labour, though smaller States also have to specialize in the production of small aircraft, some types of ships and electronics. As in the Warsaw Treaty Organization, there is extensive intra-alliance trade and interest in selling from specialized production lines to the world market.

Another way to try to cope with limited domestic demand that is more applicable to States interested in producing a broader range of weapons is to freely import arms production technology, pre-products and components, but to have the armed forces procure final products at home. This is the option exercised by larger NATO members - France, the United Kingdom, the Federal Republic of Germany and Italy - and also smaller, neutral countries like Sweden, Yugoslavia and Switzerland. In these cases the trade in finished weapons systems is not very extensive, instead there is a lot of trade in arms production technology, in the form of licence and co-production agreements, and components of weapons systems.

A third option is to scale down efforts and to produce no weapons or only very few weapons under foreign licences, without trying to specialize much. Among the larger industrialized States, it is only Japan that has favoured this option until now.

In most of the countries in the second group, arms production is less than optimal from an economic viewpoint. Only if large production runs can be achieved through large exports can arms production be economically viable. In other words, there is strong economic pressure to export weapons – a pressure that has its origin in the national-strategic motive to have a domestic arms industry.

The same economic dilemma confronts a third group of countries that had a dramatic increase in arms exports in the late 1970s and early 1980s: countries in the third world and on the European southern periphery.[1] In many of these countries there is not only limited demand, but, in addition, no large and diversified industrial base. These countries – with the exception of Israel – find it difficult to follow the lead of the larger Western European arms producers and become competitive in at least some high technology areas, or even to be able to produce many weapons systems under foreign licence. Argentina, Egypt and India have invested large amounts of money without much success. But the situation is different where the aim has not been to emulate the most modern technology, but rather to produce less advanced, easier-to-use weapons.[2] Brazilian companies have been especially successful in exporting such weapons.

Despite the buildup of arms production in the third world and some export success, most of the countries of the third world remain totally dependent on the supply of weapons from the industrialized States. Their imports are the backbone of the arms trade, much larger than the imports of the industrialized countries. The various arms trade statistics average at a share of about 70 per cent for third world imports.

Phases and structure

Until the early 1960s, most arms were transferred within military alliances, from patrons to clients. Weapons transferred were mainly surplus weapons, many from World War II, and were usually free. Arms transfers were part of the construction of military alliances.

The emergence of many new nations in Africa and Asia in the early 1960s, balance-of-payments problems in the United States and the economic revival of Western Europe changed this structure slowly. The United States began to ask its allies to pay for the arms they received. This further motivated the stronger Western European nations to broaden their arms production activities. In parallel, they expanded their efforts to sell weapons. The Soviet Union tried to draw many nations into its camp via the continued free transfer of arms and became, in the mid-1960s, the most important supplier of weapons to the third world, surpassing the United States for the first time. The position of the importers of weapons got better and worse at the same time: with more suppliers from both East and West they had more choice, but at the same time they had to pay either in money or with political allegiance.

During the 1960s the ground was laid for the large expansion of the arms trade during the 1970s. The rise in the price of oil and some other raw materials, which gave several States in the third world unprecedented financial resources, was the main factor of the expansion. Still, the rate of growth in the international transfer of weapons did not greatly exceed the rate of growth in civilian trade with the third world.

The expansive phase of the 1970s was still marked by the elements of a hierarchic system dominated by the super-Powers, despite the use of the arms trade by Western countries to recycle money paid for oil and by Eastern European suppliers to gain hard currency. The Government of France, in particular, and, following it, the Governments of the Federal Republic of Germany and of Italy looked at arms transfers primarily in a commercial way. But their market shares were small. Both super-Powers and most recipients continued to attach much political weight to arms transfer decisions. In the early 1970s, the post-war structure of the arms market – dominated by the United States and the Soviet Union as suppliers with mainly political aims in their arms transfer policies – reached its highest stage. As the 1970s moved ahead, some of the elements that came to dominate the different structure of the arms market in the 1980s, such as increased production in the third world, increased competition among producers, and a less hierarchical structure, became clearly visible.

From the late 1970s, the arms trade has stagnated. Several factors have contributed to this trend. First, raw material prices, including those for oil, have fallen drastically. Secondly, the accumulated debt has become a heavy burden in many third world countries. Thirdly, government deficits that were allowed to rise in the 1970s – partly to finance increasing arms budgets – have had to be cut in order to stabilize economies that have gotten out of fiscal and, consequently, monetary, control. Fourthly, international financial institutions like the International Monetary Fund and the World Bank have, for the first time, taken an interest in the military spending of several debtor States and have tried to persuade some to spend less on weapons. All these factors have limited arms purchase power throughout most of the third world. In addition, domestic arms production in third world countries has become a factor to be reckoned with. Some countries have even become exporters of weapons. Furthermore, after the extensive purchases of the 1970s, many armed forces have expressed no need for new weapons. The procurement cycle of the 1970s has come to an end.

Although effective demand stagnated in the 1980s, it did not fall. If seen in relation to foreign trade, the remarkable fact is that it remained so high, fuelled by several conflicts, e.g., the conflict between the Islamic Republic of Iran and Iraq. In some countries, e.g., Saudi Arabia, buildups of armed forces initiated in the 1970s moved into their hardware-expensive phases. Also, the United States and the Soviet Union, faced with clients that could not pay for weapons, were more willing again to increase their military aid. To some degree, the trend towards commercialization was undercut.

Also, while demand slowed down, supply increased. The arms trade in the 1980s was marked by tough competition among suppliers. The ongoing economic crisis in many Eastern and Western European countries further stimulated efforts to sell weapons. New suppliers, both from Europe – Greece, Spain – and from the third world, entered the market.

Some structural changes were notable. In the first place, the United States and the Soviet Union, which were not willing to fully enter the race for orders and to abandon their political approach to arms transfers, lost market shares, at least until the late 1980s. While in the late 1970s their combined share in arms transfers to the third world stood at over 70 per cent, by the mid-1980s it had fallen to less than 60 per cent. This trend was reinforced by the desire of many recipients to get weapons without political strings attached, and therefore preferably not from the super-Powers.

The stagnation in the arms market in the 1980s is largely explained by short-term economic and long-term procurement factors on the side of the recipients. It is therefore possible that the volume of arms transfers will increase again, if and as economic conditions improve and weapons get outdated. Also, weapons are used in conflicts. The number and intensity of third world conflicts increased in the 1980s. Interestingly, data series for arms transfers and number of conflicts have moved in a fairly parallel pattern in the last 15 years.

But there are some structural influences on arms transfers, like domestic arms production, the economic differentiation among third world countries and political developments within them, that might preclude a return to an arms market with high growth rates. Domestic arms production in third world countries is growing, despite severe problems in many cases. The gap between many poor and some rich third world States will increase and with it the differentiation in the arms market. Only some countries will be able to buy more expensive modern weapons systems. Many third world countries, especially in Latin America, have returned to civilian government after long periods of military rule. If this trend continues, it means there is some reason to assume a reduction in supply.

Moreover, an agreement by the United States and the Soviet Union on how to handle their rivalry in the third world, which might put a cap on military aid and thereby lower the supply of weapons, seems closer now than ever. If there are fewer free weapons available from the United States or the Soviet Union, the share of the two super-Powers in the arms market will continue to fall. The arms market will become more commercialized if there are no countermeasures. The shares of suppliers are more and more determined by their industrial and financial capacity. Still, the two super-Powers will continue to play a dominant role because of their world-wide political interests and because so much of new weapons development is concentrated in these two countries. They are the natural leaders in both the expansion and contraction of international arms transfers.

Super-Power arms transfers

The United States and the Soviet Union remain the dominant suppliers. Their shares in the arms trade are much higher than their shares in the trade of other goods—much more so for the Soviet Union than for the United States. For them, the trade in arms is not like the trade in other goods - rather, it is dominated by political motives.

In both States, arms transfers have been primarily used as an instrument of foreign policy. The precise role of arms transfers depends on the availability and perceived usefulness of other instruments, such as economic and military measures. Within the range of foreign policy instruments available, transfers fall between more coercive ones, like the show of force or direct military intervention, and less coercive ones, like economic assistance or diplomatic exchanges. One characteristic which makes arms transfers an often used instrument is that they are frequently easier to supply than other goods or services asked for.

There are many ways in which arms transfers can be used as foreign policy instruments. First, weapons can be allowed to be transferred. Secondly, weapons can be given for free as military aid. Thirdly, the transfer of weapons and spare parts can be stopped. Arms transfers, military assistance and arms boycotts both directly affect military capabilities of the recipients and are political signals.

Arms transfers are used to help to accomplish a large number of foreign policy goals. One is to make and support allies and friends. A second is to exchange arms for military assets recipients offer in exchange, like base rights, overflight rights and the right to conduct intelligence gathering. A third is to change a client's political behaviour or to convince him not to change it.

Arms transfers are intended to be instruments of supplier leverage. But they can also, as diplomatic and political signals, bind the supplier through reverse leverage. They imply a commitment to the recipient State, its policies and acts. Thus, the super-Powers can be drawn into confrontation with each other because of commitments arising from arms transfers. This danger is greatest in the Middle East, in the confrontation between the Syrian Arab Republic and Israel. Both the Soviet Union and the United States are aware of this danger and have behaved so as to preclude it. Thus, both super-Powers, while heavily arming their clients in the Middle East, have not given them sufficient military power to substantially change the current balance of forces, since this would threaten the direct military intervention of the patron of the losing side.

The importance that the United States and the Soviet Union have accorded arms transfer policy has been different at different times in post-war history, reflecting their changing views of the third world, successes and failures of their arms exports policies, and changes in their mutual relations.

During the past two decades, their arms transfers were out of phase most of the time. When United States arms transfers were increasing in the early 1970s, Soviet arms transfers were stagnating; when Soviet arms transfers increased in the late 1970s, American arms exports decreased. Part of this pattern stems from periodically changing internal assessments of the usefulness of arms transfers;

part of it is a reaction to earlier behaviour of the other super-Power. It was only in the 1980s that arms exports for both super-Powers lagged behind. The 1990s provide the opportunity for both suppliers to jointly reduce their arms transfers.

The economics of arms transfers

While foreign policy considerations dominate United States and Soviet decision-making on arms transfers, economic interests also influence them. For other suppliers, economic interests are much more important – depending on the extent of national involvement in international affairs and the size of their respective arms industries. Thus for France, a country with an arms industry employing 300,000 people and heavily dependent on arms exports, economic motives weigh very heavily, though in the case of black African States, where it is still the guardian of the *status quo,* France pursues a restrictive policy in order to maintain control.[3] For Italy, another country with a fairly large and export-dependent arms industry, economic motives are also important.

At various levels of the nation-State, there are different economic motives for extensive arms exports. First, there is the level of the factories. If they are privately owned or state-owned, but run as private enterprises, their objective is to make a profit, and thus they will generally push for more exports. Even in factories that are state-owned but not profit-making, the managers have a clear interest to expand their businesses. Secondly, there is the level of regional and sectoral policy. Governments can steer arms production much more easily than other industrial production, and are therefore tempted to use arms exports to support unprosperous regions and specific industries with economic problems. Thirdly, at the national level various considerations can play a role: to increase employment, to bolster current accounts, and to receive foreign contributions to finance technological advances. There is also another important consideration, which, while it looks economic, is really strategic: to lower the cost of domestic arms production.

Besides their considerable economic and strategic benefits, arms exports have disadvantages. First, they make a country's foreign policy dependent on economic considerations. Secondly, extensive arms exports, like intensive arms production, skew industrial production in a way that is disadvantageous for economic productivity.[4] Countries with extensive arms production find it more difficult in the long run to maintain a good standing in the civilian end of the world market than countries with less arms production. Thirdly, as the combination of welfare and security embodied in arms production and exports is sought after by more and more States, overproduction becomes a major problem. Fourthly, the tendency to overproduce is also built into domestic arms production, because of the necessity of keeping up with advancing scientific knowledge and follow-on imperatives.[5]

In some of the mostly economically motivated supplier countries, there is extensive discussion about arms transfers. First, objections are raised to supplying combatants. The denial of transfers to countries at war or close to war is part of the legislation of almost all Western European States. This restriction distinguishes these arms suppliers from the super-Powers, which very often supply one side in a crisis or during a war. Still, arms often find their way to places where they are used. Secondly, there is sometimes opposition to the supply of weapons to certain countries. Thirdly, the delivery of weapons to States violating human rights is sometimes opposed. Only a few States, such as Austria, have regulations limiting arms exports to Governments violating human rights. Fourthly, there is debate about whether it makes sense to sell weapons to countries that are at the same time receiving economic aid. Fifthly, the morality of arms transfers to the third world is questioned.

Third world exporters

Some countries in the third world have been able to change their role from recipients to exporters. Most prominent among them are Israel and Brazil. Other third world exporters that entered the arms market in the late 1970s and early 1980s were the Republic of Korea, Chile and Singapore. All produce some weapons domestically, using foreign technology as the basis. Other third world countries that have substantial arms industries, like India, Argentina and South Africa, also tried to export weapons on a greater scale, but were not very successful.[2]

Two factors favour third world arms exports. One is that there are few restrictions on them. Therefore it is not surprising to find that most arms transfers from third world countries are directed to crisis or war areas, especially where Western European suppliers are reluctant to deliver. Almost the whole range of third world arms suppliers can be found in the list of suppliers to the Iraq-Iran war, and many as suppliers to both sides. The second factor favouring third world arms exports is the nature of the weapons produced. They are much more appropriate for the use of third world armed forces than many weapons coming from countries mainly developing weapons for a war in Europe. At the same time, some third world producers, like the Brazilian, Israeli and Singaporean arms manufacturers, are using very modern technology for their simplified designs.

Third world arms production has remained dependent on technological inputs from the major industrial countries. The United States and the Soviet Union have been reluctant to part with arms technology and licences to produce weapons. They also try to restrict third world country exports - with limited success, since Western European suppliers are very willing to sell arms production technology and to substitute for the super-Powers.

One factor that is only seldom important is price. In general, third world arms production is comparatively costly because of short production runs and the dearth of the necessary supporting industries. Only when simple designs are used or when labour is an important cost factor, as in the production of ammunition, are third world producers generally cheaper than producers from industrialized countries.

There is no agreement among observers about whether arms exports from third world countries will or can expand in the future. Third world arms production is fraught with numerous technical and financial problems. It seems improbable that many more countries can start arms production, since this requires an industrial base. On the other hand, there is obviously much room for substitution of arms imports by domestic production, with arms exports as a logical extension of arms production. Much will depend on whether more established suppliers from industrialized countries change their designs and regulations to compete more directly with third world exporters.

Supply and demand factors

As outlined, arms suppliers have numerous interests in the transfer of weapons. They use persuasive measures to try to convince potential customers of the benefits of importing arms from them: diplomatic overtures, selling campaigns, arms fairs, commissions, fees and bribes, etc.[6]

Obviously, recipients also have interests in purchasing weapons. The first is to be armed against external enemies. A second is to be armed against internal opponents. Quite different weapons are required for this - counter-insurgency weapons like small aircraft, armoured vehicles and tear-gas grenades. Thirdly, arms imports can be an internal political symbol of power. Governments can buy modern weapons systems to impress internal opponents or to keep the military content in its barracks. Fourthly, weapons can be symbols of a State's international relations, signalling where alliances and allegiances lie.

The importance of demand factors is seen in the regional distribution of weapons imports in the third world. More than half of all weapons imported by third world countries go to the Middle East, the most conflict-prone region. During the late 1970s, Africa's importance as an arms-importing region increased dramatically as a result of conflicts and of high incomes from oil in some countries.

There is considerable controversy over the relative importance of supply and demand factors. Different views on this point have differing implications for arms transfer restraint.[7] If the demand factors are most important, then restraint must come from the recipient side. In fact, demand and supply are very difficult to distinguish and often closely related.

Mutual reinforcement of supply and demand goes far beyond arms transfers. It derives from doctrinal development, training and military education, all of which are centred in the major industrial countries, like the United States, the Soviet Union and, to some extent, in the former colonial Powers. In this broader sense, the arms transfers system has remained very hierarchical, with the United States and the Soviet Union on top, where arms production technology is most advanced, where military doctrines are developed and taught, and where most of the general staff officers of third world nations go for at least some of their advanced courses.[5,8]

Dimensions of the arms import problem

On the military level, the number of armed forces with modern types of weapons has increased greatly. Although arms transfers are designed to increase the military power of the recipient's armed forces, sometimes this does not happen. Weapons supplied may be too advanced technologically, not suited for the purpose at hand, or simply too numerous for the armed forces to use. Although there are no detailed quantitative data available, sketchy information suggests that quite a large proportion of the weapons transferred are not usable. It seems, however, that with the economic crisis of the 1980s, waste has diminished and armed forces have acquired weapons more in parallel to their logistical and training capabilities.[9]

The effects of arms transfers on war and peace are important issues open to controversy. Often arms are supplied in order to create or strengthen perceived military balances, but it is nearly impossible to impartially assess whether there is a balance or an imbalance, and it is far from certain that military balances in third world regions guarantee peace. Moreover, weapons are often used in ways that the original supplier did not intend, both by Governments to which they were originally supplied and to succeeding Governments that may be of a completely different political orientation. Another question is whether arms transfers escalate crises and lead to war. Here, again, the available evidence is not conclusive. It is generally accepted, though, that the transfer of modern weapons has made third-world war more destructive. Recent statistics suggest that the concepts of deterrence and balance-of-power may have a limited utility in explaining why there have been rather few inter-State wars in the third world in the recent years.[10] On the other hand, the number of internal wars has increased steadily. It is in these internal wars that the increasing availability of weapons systems, due in large part to the many years of transfers of arms, may be of importance.

On the economic level, it is obvious that arms purchases are diverting funds from economic development.[11] About 6 per cent of all imports by third world countries and 20 per cent of their imports of technologically comparable goods – machinery and transportation goods – in the late 1980s consisted of arms.[12] In addition, arms transfers can have follow-on costs and effects that were not reckoned with at the time of the purchase. In some recipient countries, military expenditures are a substantial burden for the economy; the acquisitions that have to be paid in hard currency are especially burdensome. Most of the arms purchased in the late 1970s and early 1980s were financed through commercial debts incurred with banks. It is generally assumed that a large part of these military credits are outside the available figures for indebtedness. Still, the Chairman of the World Bank has claimed that military debt is as high as one third of the total debt in a number of countries.[13] Other estimates are that third world debt would be lower by about 20 per cent if no weapons systems had been imported.[14]

It is not clear, however, how important the economic burden really is. Some States have done economically well despite high arms import burdens, such as the Republic of Korea. Others, with low arms imports, like Mexico, still have very high debt burdens. Empirical evidence suggests no strong cross-national relation between arms and economic growth,[15] a finding that may be the result of rather poor utilization of available resources in the past. Put differently, the alternative costs of arms imports were low because returns from alternative investments were not very high.

There are also political issues. Because weapons provide a means of direct violence, they are political instruments, even when they are not used directly. For suppliers with foreign policy interests in their arms transfers, it is important that transfers give leverage to achieve the desired aims. Leverage is inherent in the power to give or not give weapons in exchange for something sought and, once an armed force is built around certain types of weapons systems, in the power to supply needed spare parts, modernization kits and replacements.

Recipient countries very often try to avoid any of these types of leverage, except when they are interested in reverse leverage. One way to counter dependence is to buy from suppliers without foreign policy aims; another is to build up domestic arms production; and a third is to take the risks and costs of a change in suppliers. All the armed forces that changed suppliers had some problems and extra costs. In many cases, the fighting abilities of the armed forces decreased dramatically because of the lack of spare parts. In the 1980s, with the highly competitive market, short-run dependence on the supply of spare parts and ammunition has become a less important problem.

A fourth area to be considered is the cultural. There is a form of leverage that comes with training, doctrinal discussions, and the general association between the supplying and recipient countries' armed forces, and might be called cultural leverage.[5] This kind of leverage cannot be avoided by diversifying suppliers, since the basic traits of weapons are very similar in all the arms-exporting countries. The weapons culture that comes with the weapons is an international one. So, ironically, the instruments and guardians of nationalism, weapons and soldiers, are often the most international parts of societies in third world countries.

Arms-transfer control

There are various restraints in the international transfer of conventional weapons. Some restraint is exercised unilaterally by supplying countries, either for specific foreign policy reasons or because of more general considerations. There also is, of course, unilateral recipient restraint, partly because Governments decide that enough weapons have been acquired and partly because of financial limitations. In addition, there are some restraints on a wider base. The United States and the Soviet Union exercise some implicit restraint in not delivering weapons that might lead to their direct military involvement in wars. Some multilateral arms boycotts are in effect at the time of writing, like the mandatory arms embargo against South Africa declared by the United Nations Security Council in 1977 and the Missile Technology Control Régime. There are no multilateral recipient control régimes in effect, although a number of Latin American countries announced their intention to have such a régime in the Declaration of Ayacucho of 1974. This initiative did not lead to any regulated control on arms transfers, but it was renewed in the mid-1980s in the Lima Declaration of 1985.

Most States are on record as favouring more restraint of the arms trade and as saying they would not attempt to circumvent a regulation if it was globally exercised. There are various reasons given for this attitude. One, especially relevant to the super-Powers, is that it would decrease the danger of escalation of a local crisis or war into an East-West military confrontation. Secondly, control might de-escalate current crises in some regions. A third reason given is that restraint will decrease the role of the military in third world politics and thus have a positive influence on democratic political development. Fourthly, fewer resources would be taken away from productive uses in third world economies and therefore the chances for economic development would be enhanced.

Although there is room for measures taken by the suppliers, the structure of the arms trade in the 1980s has further shifted responsibility for more restraints towards the recipient countries.

There are a number of developments which complicate the control of international arms transfers. One is the closeness between military and civilian technology, which has tended to increase in recent years. In aviation technology, aircraft propulsion, vehicle technology, or electronics, new technical developments add to the basis of technology from which samples are drawn for civil and military applications.[16] The main difference is often that, for military use, very advanced technologies are combined in a redundant fashion. The closeness between military and civilian technology is especially obvious when it comes to domestic arms production in third world countries, especially when it comes to pre-products, know-how or machinery.

Another problem is the link between production and trade. Control of trade alone can be rendered ineffective where domestic production is possible. Of course, control can be extended to the prefabrics of production, but such control is difficult and affects civilian trade, as in the case of the Missile Technology Control Régime. This is not the only case, where the usefulness of control of trade is questionable. Control of production or deployment may also be more meaningful than control of trade for achieving greater equality in military capabilities between producers and importers. It is difficult to conceive of fair control that excludes production and focuses on trade only.

There is also the trend towards privatization, commercialization, depolitization and diversity in the arms market. This is part of the general trend towards less state involvement, but it creates specific problems in the area of arms transfers, making control more difficult. The extension of the black and gray markets in the 1980s bears witness to this statement.

However, there are also factors that enhance the prospects for arms transfer control. One is the increasing recognition of the specific *problématique* of some categories of weapons. Some weapons are especially harmful to both combatants and non-combatants, such as low-velocity ammunition, mines and chemical weapons. Progress in banning such weapons has been made in the inhumane weapons Convention, but more could be done, for example, with respect to mines and, of course, chemical weapons. Other weapons, such as those for riot control, are mainly used against unarmed civilians. Since such weapons are used only internally, the usual justification of help for self-defence against an outside attack does not apply. The delivery of such weapons might be considered an intervention in domestic matters. Other weapons are clearly destined for offensive purposes only, such as long-range bombing aircraft, and missiles. In such cases, the Missile Technology Control Régime could serve as the basis for some kind of control régime.

Another important element is the evolution of international law. While often a weak instument, some of its elements are of potential value for the control of arms transfers, such as the norms of non-aggression and non-intervention. The concept of human rights has the potential to influence the trade in weapons, at least as far as those weapons acquired for internal use are concerned. While the embargo against South Africa is not perfect, its partial success still shows the power of international legal provisions.

There is also encouraging support for more openness in international military relations, which might extend to international arms transfers. The Helsinki-process in Europe elevated the concept of openness to a high level by making it the central element of confidence- and security-building. There is no reason why such thinking should not have beneficial effects on military-political tensions elsewhere as well. The secrecy that surrounds the international arms business has as disastrous consequences as had the secrecy surrounding military affairs in Europe.

Of course, the most encouraging element is the dramatic change in international relations in the late 1980s and early 1990s. The prospect of an end to the East-West conflict and the realignment in Eastern Europe carry the potential for a considerable change in international arms transfers. The two major Powers' arms transfers have been an important motor of armaments in many third world regions. If that stops, the prospects of a drop in arms transfers will increase. But the major Powers are only one factor; more has to happen to turn the prospect into reality. There are still the economic supply factors, which might become even stronger in times of tight budgets in exporting States, and the demand factors.

Even if the major Powers stopped supplying arms, it would also be important to work out how to cope with arms industries dependent on arms exports and to address the economic situation in many parts of the third world, which is at the bottom of many conflicits. Finding a better solution to the paramount problem of the highly skewed distribution of goods and production possibilities in the world – without increasing violence and use of military force – is another important element in arms-transfer control, as distant as it may seem from the subject at first sight.

Notes

1. "Third world" is defined here as the countries on the South American, African and Asian (except Japan) continents regardless of their stage of economic development or political orientation.

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Supplier Policies and Recipient Dependence

Christian Catrina

Arms transfers play an important role in global politico-military systems. Because of their consequences or because of their utility as instruments of foreign and security policy, arms transfers are inevitably a highly political issue for suppliers and recipients. This paper presents the background of supplier policies and identifies the determinants of recipient dependence, one of the major consequences of arms transfers for arms-importing countries.

Supplier policies

Owing to limitations of space and to uneven availability of relevant information, this section will not describe the policies of individual arms suppliers, but rather focus on general considerations about the purposes and objectives of supplier policies. Probably all significant supplier States have a policy on arms transfers or at least a regularity in the procedures and practices of arms transfers that can be interpreted as an expression of an implicit policy. Some countries provide detailed and comprehensive information about their procedures and to some extent, if the Government has to justify specific transfers before parliamentary bodies, even about the underlying political objectives. In other countries, openness and transparency leave much to be desired.

Christian Catrina is Deputy to the Representative for Special Politico-Military Affairs in the Federal Military Department of Switzerland, and a Consultant to the United Nations Department for Disarmament Affairs for the Study on Ways and Means to Promote Transparency in International Transfers of Conventional Arms. The views expressed in this paper are the author's own, they do not reflect the view of the Swiss Government or any governmental agency, nor those of the United Nations Department for Disarmament Affairs.

The "defensive" component of arms-export policies

A first component of supplier policies defines the procedures and administrative and legal preconditions that have to be pursued and fulfilled for a transfer to be permitted. This is a defensive component. It does not indicate when and under what circumstances arms transfers should be made, but rather, in a negative way, when arms transfers should not be made. The main reasons for this kind of governmental control over arms exports are probably the following:

- For national security reasons the State may want to prevent arms from being delivered to a potentially hostile country or technological secrets from being compromised.
- The State may for general reasons of foreign policy want to ensure that arms transfers from its territory do not violate international agreements (e.g., arms embargoes or obligations under the ballistic Missile Technology Control Régime).
- The State may want to support arms control objectives by its arms export policy, i.e., exert general restraint in arms transfers or prevent transfers that could disturb stability and peace (e.g., transfers to belligerent parties or zones of tension).
- Arms transfers are inevitably regarded by other States, including recipients, as an expression of the supplier State's foreign policy. Hence transfers need to be co-ordinated with the foreign policy in order to ensure that they do not contradict it.

The economic-industrial component of arms export policies

The arms export policy of some States may have a second component, which could be termed "economic-industrial", because it concerns the economic benefits of arms exports and their contribution to the viability of domestic arms production. The latter is regarded as an important contribution to national security, essentially because it allows the State to evade or at least reduce its recipient dependence.

Among the economic benefits which the Government may try to further by its arms export policy, it is necessary to differentiate several distinct types, even though they may all be relevant to the supplier State's Government:

1. Benefits to the national economy - for which the Government is responsible - without a direct and immediate impact on the State budget, e.g., a more favourable balance of payments and lower unemployment. (The latter can have a delayed impact on income tax revenues.)

2. Direct benefits to the State budget, e.g., reduced military procurement expenditures made possible by reduced unit costs due to the impact of arms transfers (economies of scale and spreading of non-recurring expenditures, such as those for research and development).

3. Commercial-industrial benefits to private companies or State-owned plants producing arms. In addition to increasing turnover and profit, arms exports may also help to avoid interruptions in design and production work. The Government may have an interest in these benefits, but their immediate effect is not on the State level.

Like other exports, arms sales contribute to a favourable balance of payments. The economic benefits of a given transfer depend directly on its financial terms. Grant transfers (which have become an insignificant part of all arms transfers) yield no immediate economic benefits to the suppliers. They rather cause costs, which may, however, not be substantial when surplus and obsolete arms are transferred. Transfers on preferential financial terms have evidently smaller economic benefits than cash or market-rate credit sales. For some countries it is not only the contribution to the balance of payments as such that makes arms sales appear economically attractive, but also the associated inflow of foreign exchange. As another reason, arms transfers may be expected to lead to increased civilian trade among the same countries. The recipient Government may place additional orders for civilian goods if a co-operative relationship has been established or reinforced by arms transfers. On the other hand, arms transfers can displace exports of commercial goods if they compete for the same finite financial resources of the recipient countries. It has been argued that barter agreements or highly specified offset arrangements in arms transfers may provide to the arms supplier additional security in the supply of resources, in particular raw materials needed by the industry and not available in sufficient quantity from domestic sources. At the same time, arms-importing countries may raise the prices of their export commodities to pay for increased arms imports. In general, the contribution of arms transfers to export earnings and to the balance of payments amounts to no more than a few percentage points for most of the significant arms-exporting countries. They are not insignificant, but neither are they crucial, with very few exceptions.

Arms exports contribute to employment in the producer country. Since arms for export and those for the producer State's own armed forces are produced on the same production lines and the same work-force may be engaged in both military and civilian production, it is difficult to quantify precisely the impact of arms exports. It has been estimated that in the late 1970s and early 1980s, in statistical terms, arms exports accounted for 400,000-700,000 jobs for each of the major Western European arms-exporting countries. (The figures vary not only because of incomplete information, but also because they include or exclude indirect employment effects, i.e., those outside the arms industries.) It could be argued that mere numbers do not adequately reflect the contribution of arms exports to full employment because the beneficial effect is concentrated in technologically advanced industrial sectors, such as aerospace. Even if this benefit should be of lesser significance on a national level, it may carry much weight in regions where arms industries are concentrated. However, restraint, or even significant reductions in arms exports, would not have a crippling effect on employment on a macro-economic level.

Especially for the medium and small arms exporters, the positive consequences for the balance of payments and employment benefits are less important than the contribution of arms exports to sustaining the defence production base. In these countries, the quantitative requirements of the national armed forces do not suffice to maintain research, development and production across the whole range of advanced weapons systems. Arms production cannot be reduced to just any level without incurring significant economic penalties; a certain quantitative level (which differs from project to project) is necessary to keep unit costs competitive. The Government may, for political and security reasons (getting full control over supply, i.e., avoiding dependence on foreign arms suppliers), be willing to pay a premium for domestically produced arms, but only up to a point. The extension of production runs by exports allows for reductions in unit costs in several ways:

1. Learning effects: The basic idea of learning effects is that the more frequently labour and management perform a specific task, the more efficient they will become at that task. Thus an extension of the production run will result in decreasing marginal costs. In order to realize maximum learning effects, orders should be spread as evenly as possible over time (otherwise the work-force has to be expanded).

2. Economies of scale: Large-scale production may enable a producer to use more efficient equipment and processes, e.g., to increase the division of labour. Economies of scale are less a function of the total length of a production run than of the rate of production. A mere extension of the production due, for example, to late export orders, would not allow for additional economies of scale.

3. Spreading fixed costs: Research, development and other non-recurring expenditures are spread over the units produced. Thus, the more units being produced, the smaller this cost component becomes for each unit. This effect is particularly important in the production of advanced weapons systems requiring high research and development expenditures.

Below a certain quantitative level of demand, production may have to be interrupted (to be resumed when new orders come in), causing severe dislocations for the affected companies or plants if the work-force cannot be flexibly shifted to other military or civilian production. Thus arms exports can serve to smooth production rates and to keep production lines open and companies in business.

The economic-industrial component of arms-export policies not only ensures that arms exports serve these interests, but also that the pursuit of economic-industrial objectives does not result in unacceptable dependence on some important recipients, or on the continuation of arms exports in general (supplier dependence). Many producers of major weapons systems are dependent, though to widely varying degrees, on exports for supporting the domestic arms industry, for export earnings, or for foreign exchange. Large arms-export orders can alleviate economic-industrial problems, or at least in the short term. However, if they result in an expansion of production capacities, they can indeed result in increased dependence in the future.

Arms exports as an active component of foreign and security policies

For a very limited number of main supplier States, arms exports are an integral part of foreign policy. For them the economic benefits of arms exports are certainly relevant, but probably of secondary importance if compared to the larger political objectives pursued by arms transfers. Smaller supplier States usually do not have as wide zones of interest or responsibility, but in some instances arms exports may nevertheless be employed to support actively specific foreign policy objectives.

If arms exports are used as an active part of foreign and security policy, they can serve to enhance the military capabilities of friendly States and to strengthen their ability to pursue political, military and security objectives shared with or supported by the supplier. The supplier may also pursue the more general objectives of strengthening regional stability and contributing to the preservation of peace by increasing the recipient's military capabilities. If these objectives are to be achieved, a careful and unbiased evaluation is required not only of the regional distribution of military capabilities and of the political intentions or threats, but also of the potential reaction of other countries in the recipient's region to the transfer. Due to the subjectivity of each Government's evaluation of the security situation in any given region, even arms transfers intended to be stabilizing can increase political tensions, intensify regional conflicts or even provoke an arms race to the detriment of stability and peace.

In case of armed conflict, the supply of arms can be regarded as a politically less costly alternative to direct military involvement. But transfers of conventional arms to belligerent parties can definitely carry military risks beyond the merely political costs such supplies can imply. The supplier country's armed forces may be utilized to effect the transfer (transportation by sea or by air, possibly also assistance in assembling the arms, and in technical support), incurring the risk that they may be attacked and that the supplier arms transfers carries potentially the same risk of escalation and of direct military involvement. The large-scale supply of arms by a major military Power is often, if not always, regarded as a clear message of support: a commitment. The limits of this implied support and commitment are, however, usually not clearly spelt out, not even to the supplier. The supplier may, if an important recipient becomes involved in war, be unable to draw a clear line and thus it may incrementally increase its involvement. As a consequence of supplying arms, major suppliers can, without careful consideration of all implications and without deliberate decision, indeed almost against their will, become actively involved in a recipient's war.

An important part of suppliers's reasons for arms transfers refers less to third parties (the recipient's potential military adversaries) and general objectives (strengthening of stability and peace) than to the bilateral political relationship with the recipient State. Because of the symbolic importance attached to them, arms transfers can be used to indicate the political commitment to a State or Government or to reinforce friendly relations, even when the purely military significance of the transfer may be small. Arms transfers are also instruments of influence and leverage. They provide for a wide range of contacts, building up a relationship where major suppliers may, without openly exerting pressure, influence recipient Governments in their general foreign and security policies or on specific issues. By virtue of its capability to manipulate the supply of arms, the supplier may also be able to force the recipient Government to comply with its interests, i.e., it may be able to exert leverage when influence alone has not proven successful and important interests are at stake. The exertion of leverage is likely to impact negatively on the relationship, regardless of its success or failure; it erodes the basis for future influence and leverage if it causes the recipient to reduce its vulnerability *vis-à-vis* the supplier, for instance, by diversifying and seeking alternative sources of arms supplies.

Recipient dependence

Since it is directly linked to the politico-military goals of national security and autonomy, recipient dependence touches basic political concerns. Continuous dependence on an external supplier is a most serious national security concern because arms transfers are linked to the recipient's military capabilties. Sometimes the relevance of recipient dependence is questioned. Examples like Egypt's change of major supplier and the performance in war of the Islamic Republic of Iran after it was cut off from its former major arms supplier are used to make the point that States can change suppliers or do without their support. But such examples do not vitiate the concept of arms-transfer dependence or its relevance, as long as they fail to indicate the full amount of politico-military costs that breaking the relationship entailed for the dependent part (decreasing in military readiness and power, and economic waste of imported arms that become inoperational due to lack of spare parts, ammunition, or maintenance capability). Even the most dependent actor can terminate a relationship if he is willing to pay the price.

If one looks at an arms transfer as a chronological sequence, it becomes clear that the nature and the extent of recipient dependence is not the same at different stages. When a potential recipient has evaluated military needs and the market-place, and has entered negotiations with an arms producer (company and Government), the supplier Government (in some cases, the parliament) may yet decide not to supply the requested arms after all, or at least not for the time being, and break off the negotiations. In this case, the would-be recipient Government either has to look for an alternative supplier or do without the desired arms. If it can switch suppliers without any problems, the recipient is not dependent upon any specific supplier at this pre-agreement stage. But some factors like political alignment, military doctrine, or lack of funds may limit the ability to shift to another supplier.

When arms transfer negotiations are successful, the supplier may still go back on the agreement before actual delivery. Such a step could have politico-military and economic costs. Among the first type of costs one may include procurement delays and the negative impact of a supplier's refusal perceived as a political act of disapproval. If the recipient has already started construction of infrastructure that cannot be utilized without modification for substitute weapons systems, economic costs would result from a supplier's refusal to honour an existing agreement.

When the arms are delivered, the recipient still remains dependent on the supplier. Now the damage the supplier can inflict on the recipient refers to a degradation of the arms' readiness and effectiveness if support activities are delayed or terminated. Recipient States rely, though to different degrees, on the suppliers for training, assistance in maintenance and spare parts. Usually the need for training is of short duration. It starts after an agreement on arms transfers has been reached and will run out some time after delivery, when indigenous instructors are able to take over the task from personnel from the supplier country's armed forces and the producer company. Major weapons systems also require continuous technical support. For developing recipient countries with substantial imports of advanced and complex weapons systems, this means that foreign technical personnel will be present not only for a short introduction and training period, but for an extended time, perhaps even for the whole life cycle of a weapons system. Even if basic maintenance tasks can be carried out without foreign assistance, an uninterrupted supply of spare parts is necessary if extended down-times are to be avoided, and many recipients have to send their imported weapons systems back to the producer for overhaul. The need for training and for technical support is also referred to as a problem of "absorption". This dimension of recipient dependence is often emphasized.

If imported weapons are used in conflict, recipient dependence is accentuated. Not only may problems with the supply of spare parts and ammunition limit a recipient's ability to fight, but the resupply of weapons systems is likely to become necessary after a few days or weeks, depending on the intensity of combat. Arms suppliers thus have the means to influence the outcome of armed conflict. The duration of the armed conflict, coupled with the intensity (attrition rate), is an important determinant of the dependence experienced by arms recipients engaged in war.

Determinants of recipient dependence

The following brief description of the main factors which determine the extent to which a recipient country is dependent on its arms suppliers also implicitly provides some guidance for strategies designed to limit or reduce such dependence. Not all of them are to the same degree compatible with broader international objectives. For instance, confidence-building measures and the relaxation of tensions could reduce threat perceptions (and hence also dependence) and at the same time contribute to international peace. On the other hand, the expansion of domestic arms production might not contribute to international peace and stability, even though it might reduce the recipient's dependence.

Factor 1: Threat perception

The extent to which a State faces a military threat - that could make necessary the use of military means, requiring either new arms imports or a high level of readiness of arms already deployed - is of paramount importance in determining its dependence on its arms suppliers. Only the perception of certain threats is relevant for recipient dependence, namely, threats that, in the view of the Government perceiving them, can be countered by keeping already deployed arms in a state of readiness or by the acquisiton of additional arms. Of these perceived threats, the following variables are relevant for recipient dependence: their likelihood, imminence and magnitude.

The reason why the perception of a threat to national security has a bearing upon a recipient's dependence on foreign suppliers of arms is evident. In terms of dependence theory, an increase in threat perception increases the costs of a disruption of the arms supply. For a Government perceiving armed conflict as a remote possibility or feeling that it has the necessary means to counter a possible attack, a rupture in the relationship with one or several of its arms suppliers would not immediately endanger national security. For a Government that perceives both a strong likelihood of imminent attack and an insufficiency of its own present military means, the costs are higher.

For arms transfer dependence, external threats to national security are probably of greater importance than internal ones, because it is in armed conflict with outside forces that major weapons systems are usually employed. Internal conflicts are largely fought with weapons manufactured locally or produced by many suppliers, so that little dependence results.

Factor 2: Degree of self-sufficiency in arms procurement

The most evident determinant of recipient dependence is the extent to which a recipient has to rely on foreign supplies for its arms procurement. Indeed, this determinant is so important that the extent of dependence is sometimes considered to be the equivalent of the extent of self-sufficiency. However, important as it is, the degree of self-sufficiency is only one major determinant of dependence. Since recipient dependence is considered to be the result of multiplying all determinants, full self-sufficiency would still amount to full independence, but for all States lacking full self-sufficiency, the other determinants would have an impact as well.

Factor 3: Ability to initiate or expand domestic arms production

Arms recipients capable of initiating or expanding domestic arms production are less dependent on their suppliers than recipients lacking this capability. When weapons are sought, at the pre-agreement stage, a credible option to take up indigenous production of the desired type of weapon or weapons system could strengthen the recipient's negotiating position. Regarding post-delivery recipient dependence, relating to weapons systems deployed with the armed forces, the ability to supplement or replace outside suppliers of spare parts with domestic manufacturers also reduces recipient vulnerability.

The potential for initiating expanding indigenous arms production must not be confused with the achieved degree of self-sufficiency. The latter refers to implemented programmes, while the former refers to the potential for initiating production of types of arms (or components) hitherto imported, that is, to shift to (increased) domestic procurement, which would later result in a higher degree of self-sufficiency. Even when no significant degree of self-sufficiency has actually been achieved, a credible option to shift to increased domestic production is likely to reduce recipient dependence. But switching to increased domestic production is not a short-term solution to recipient dependence. It will take time until weapons systems are developed and produced domestically, become operational, and can replace ageing imported systems.

Thus for Governments experiencing at the same time strong dependence on their arms suppliers and a serious threat to national security, turning to indigenous arms production is not a promising short-term strategy. The results might materialize too late.

Factor 4: Diversification of arms supply

If two countries have the same level of self-sufficiency in arms procurement and a similar potential for expanding domestic arms production and if their Governments perceive about the same threat to national security, their dependence on their arms suppliers may still differ. An additional factor must be taken into account, namely, whether their arms imports are diversified among a number of suppliers or concentrated on a few, or perhaps just one. Being a monopoly supplier provides more power than being just one supplier among others. Diversification is a common strategy for avoiding high levels of dependence, not only in arms procurement but also in normal trade.

A recipient's number of suppliers is no sufficient yardstick for diversification. How the supply is spread among the suppliers is as important. Evading supplier dominance (the same as reducing recipient vulnerability or dependence) is easier if a recipient's arms supplies are distributed as evenly as possible among a number of suppliers.

Diversification in the supply of arms from abroad is particularly important for avoiding excessive post-delivery dependence. Once imported weapons systems are deployed, recipients have in most cases to rely on the original supplier for technical support: for maintenance, for overhaul, and for the supply of spare parts. In such a situation suppliers have the capacity to seriously damage the readiness of the recipient's imported weapons systems. Obviously, the vulnerability of the recipient is smaller if every supplier accounts for only a fraction of its arms imports; the risks are then more evenly spread.

Factor 5: Availability of alternative sources of supply

Everything else being equal, it makes a difference to recipient dependence - particularly in negotiations on arms transfers but also in disputes about technical support for arms already delivered - whether the recipient can choose between a number of suppliers. The availability of alternative sources of supply for weapons systems and for technical support alleviates recipient dependence. If a sole or predominant supplier feels that a competitor could step in, it will be more cautious in exerting pressure.

A change of suppliers can take different forms. Switching suppliers completely and moving slowly towards increased diversification mark the two extremes. If the ability to expand domestic arms production is the potential for future self-sufficiency, the availability of alternative sources of supply can be seen as the potential for future diversification. The feasibility of switching to alternative suppliers is largely determined by five factors: (a) the number of alternative producers of a given type of arms, (b) the recipient country's financial resources, (c) the recipient country's ideological flexibility, (d) the recipient country's degree of diplomatic isolation, and (e) the ability of the recipient country's forces to convert to new weapons systems.

Factor 6: Reliance on foreign suppliers of spare parts

Controlling the supply of spare parts is mentioned by many observers of arms transfers as a primary instrument by which suppliers keep their customers dependent. Major weapons systems require a continuous supply of spare parts because subsystems tend to break down frequently. Stockpiling large numbers of spare parts will diminish short-term dependence. It is, however, a costly option, particularly if weapons systems from several suppliers, and with none or few common parts, have been procured (as diversification demands). The full effect of such a strategy is realized only if foreign involvement in logistics is kept low. Indigenous production of spare parts is a more effective long-term strategy to limit this factor of dependence. Knowing the potential impact of shortages in spare parts on military preparedness, countries with incipient arms industries tend to focus early on the production of spare parts for imported arms. The capability to maintain and overhaul the purchased weapons systems is probably the highest recipient priority, but indigenous production of spare parts used in large numbers comes immediately afterward. If their supply relationship is cut, recipients that relied before on foreign supplies of spare parts may also try reverse engineering of spare parts if they have the necessary industries.

Complaints regarding the supply of spare parts, in particular delays and high prices, are quite frequent. Accusations that the supply of technical assistance and spare parts is deliberately used to create recipient dependence are directed against both Western and Eastern suppliers.

Factor 7: Degree of training and maintenance of self-sufficiency

The extent to which arms recipients rely on supplier countries and/or companies for services needed to achieve and maintain an operational capability with imported arms - training during a relatively short period, and technical support services over extended periods, even permanently - has a strong impact on post-delivery recipient dependence.

Training programmes, a kind of "human technology transfer", may be almost as important for the recipient's military capabilities as the transfers of actual hardware. What impact a given arms transfer has on the recipient's military capabilities depends to a large extent on the abilities of the pilots, drivers, and other operators of weapons systems. As long as there is no sufficient pool of indigenous instructors, the recipient has no choice but to depend on the supplier for training. During the stage when knowledge relating to operation and maintenance is transferred, a disruption could cause, albeit temporarily, much damage to the recipient. Fortunately, from a recipient's point of view, training courses in the supplier State or foreign instructors are needed for a relatively short time only, compared to the long-term reliance on foreign-supplier spare parts and technical services that many recipients cannot evade.

The nominal strength of armed forces (measured, e.g., by their inventories of arms) is no reliable indicator of their operational strength. There is a major difference between merely being able to operate weapons systems and being able to fully maintain them. If deployed weapons are to be operational, they must be maintained, repaired, and overhauled at predetermined intervals and when malfunctions appear. Even if the supply of spare parts runs smoothly, the technical support activities can pose difficulties to recipients. Armed forces with complex weapons systems need large numbers of skilled technicians to keep the weapons operational. Shortages of skilled manpower, lack of know-how, or the fact that the number of deployed weapons is too small to justify the establishment of maintenance facilities could force recipients to rely on foreign sources of support, in particular the original supplier of the weapons systems.

In spite of foreseeable problems, recipients sometimes prefer systems beyond their absorption capabilities (at least in the view of outside experts) to simpler and more easily maintainable systems designed specifically for export, even if the latter might be as effective and more affordable. Lack of professional competence on the recipient side is likely to lead to strong recipient dependence, with the supplier recommending the force structure and means of support and taking an active role in support activities (infrastructure planning and management, maintenance, overhaul, repair).

Empirical research has to date not been able to provide substantial evidence that dependence linked to arms transfers would frequently and successfully be used to change the suppliers' internal or foreign policies. This may, however, less reflect the absence of dependence than the fact that it may work by anticipation. The weaker (the more dependent) party will, if it recognizes its position, in most cases prevent controversies from coming to a head and tacitly make the concessions (except in cases where its primary interests are at stake) long before a potential political controversy becomes a public issue.

Consideration of the Question of International Arms Transfers by the United Nations

Alessandro Corradini

Introduction

It has always been a principle of the United Nations that arms limitation and disarmament should apply not only to nuclear weapons and other weapons of mass destruction, but also to conventional weapons. Thus, after the very first resolution of the United Nations General Assembly—resolution 1 (I) of 24 January 1946, dealing with the new security problems raised by the discovery of atomic energy—was adopted, the Assembly addressed the question of achieving an early general regulation and reduction of all conventional armaments and armed forces. This was done in resolution 41 (I) of 14 December 1946.

Again in 1952, when the General Assembly established the Disarmament Commission by resolution 502 (VI), it directed the Commission to develop plans for the regulation, limitation and balanced reduction of all armed forces and all armaments, and for the elimination of all weapons of mass destruction. This approach ultimately led to the adoption of resolution 1378 (XIV) of 20 November 1959 on general and complete disarmament.

At the tenth special session of the General Assembly (1978), the first special session devoted to disarmament, a unanimous Final Document[1] was adopted, providing the formulations of an international disarmament strategy. In paragraph 45, the Member States agreed that "priorities in disarmament negotiations shall be: nuclear weapons; other weapons of mass destruction, including chemical weapons; conventional weapons, including any which may be deemed to be excessively injurious or to have indiscriminate effects; and reduction of armed forces." Then, in paragraph 46,

Alessandro Corradini is Former Director and Deputy to the Assistant Secretary-General, United Nations Centre for Disarmament. He is at present a consultant in the Department for Disarmament Affairs, United Nations, New York.

they made clear that "nothing should preclude States from conducting negotiations on all priority items concurrently".

The question of international arms transfers is dealt with in paragraphs 22, 84 and 85 of the Final Document. They provide (a) that, together with negotiations on nuclear disarmament measures, negotiations should be carried out on the balanced reduction of armed forces and conventional armaments, based on the principle of undiminished security of the parties with a view to promoting or enhancing stability at a lower military level; and (b) that negotiations on the limitation of international transfer of conventional weapons, based on the same principle and taking into account the inalienable right to self-determination and independence of peoples under colonial or foreign domination and the obligations of States to respect that right, should also be held.

In spite of these agreements in principle, up to the mid-1980s action by the United Nations in the field of conventional disarmament and, in particular, on international arms transfers was influenced by a strong emphasis on nuclear disarmament on the part of a large section of the United Nations membership, and only a limited number of Member States could be counted upon to support consistently such action. Thus, consideration by the United Nations on how to limit international arms transfers took place alongside a qualitative and quantitative advance in the development, production and transfer of conventional weapons. Debates on the question were usually initiated by Western industrialized countries and a few non-aligned and neutral countries. Through the years, such important arms suppliers as the United States, the United Kingdom, the Federal Republic of Germany, France, Italy and Canada (and later also the Soviet Union) showed increasing interest in the restraining of arms transfers.

In the 1960s and 1970s, in the multilateral negotiating bodies within the United Nations framework, debates were held and working papers submitted from time to time on the question of the buildup and transfer of conventional armaments, but no concrete negotiations developed, nor was there any apparent consensus regarding specific measures of restraint. A consensus slowly emerged, however, in the 1980s, through the long process described in the following pages.

Indeed, since the mid-1980s, the need to address nuclear and conventonal disarmament concurrently has found wide recognition in international politics. The close relationship between nuclear and conventional armaments was noted by General Secretary Gorbachev and President Reagan at their Geneva summit meeting in 1985. Acknowledging that a nuclear war could not be won and must never be fought, they also underlined the importance of preventing any war between them, whether nuclear or conventional. With the conclusion of the Treaty between the Soviet Union and the United States on the Elimination of Their Intermediate-Range and Shorter-Range Missiles (INF Treaty) and the prospect of further reductions in their nuclear arsenals, hopes for cuts in conventional arms, particularly in Europe, have increased.

The problem is not limited, however, to one region. The frequency of the use of conventional weapons and their destructive effects, especially in developing regions, the economic burden their acquisition imposes, their increasing lethality, the development of dual-purpose weapons, and the growth in arms transfers are factors that have contributed to a willingness on the part of States from all geographical and political groupings to address the question of controlling the conventional arms race.

Early United Nations Initiatives

At the twentieth session of the General Assembly, in 1965, Malta submitted a draft resolution[2] whereby the Assembly would invite the multilateral negotiating body – the Eighteen Nation Committee on Disarmament (ENDC) – to consider the question of tranfers between States, whether by way of trade or otherwise, of arms, ammunition and implements of war, with a view to submitting to the Assembly proposals for the establishment of a system of publicity through the United Nations. The draft was rejected in the First Committee by 19 votes to 18, with 39 abstentions.

The Secretary-General of the United Nations, in his annual report on the work of the Organization for 1965-1966, reminded the nations of the world that the acquisition and dissemination of conventional weapons were still leading to increased tensions and that wars fought with conventional weapons might escalate into nuclear wars.[3]

At the twenty-third session of the General Assembly, in 1968, Denmark, Iceland, Malta and Norway sponsored a draft resolution[4] requesting the Secretary-General to ascertain positions of Governments on undertaking an obligation to register with the United Nations all trade in arms. The proposal was supported by Canada, which favoured the revival of the League of Nations concept of an international arms register, and other Western States, including the United States. In the face of opposition, mainly from a number of non-aligned States, the sponsors did not press the draft resolution to a vote, on the understanding that the records of the debate on that question would be referred to the ENDC.[5]

In his annual report on the work of the Organization for 1975—marking its thirtieth anniversary—the Secretary-General stressed that in a world increasingly preoccupied with the problems of hunger, poverty, development and social justice, the flow of weapons of war had reached unprecedented levels.[6]

At the thirty-first session of the General Assembly, in 1976, Japan revived the idea of involving the United Nations in the question of international arms tranfers. It did so by submitting a draft resolution[7] which was widely co-sponsored. By the draft, the General Assembly would (a) invite the Member States to communicate to the Secretary-General their views on the question, and (b) request the Secretary-General to prepare, with the assistance of qualified governmental experts, a factual study of the same subject. In spite of the willingness of Japan to amend the draft so as to make it more acceptable to the non-aligned countries, it elicited mixed reactions. For instance, Argentina stated that the concern about trade in conventional arms should focus on the few nations which had a well-developed military industry, with a view to halting the production and dissemination of conventional weapons, rather than be used to tell developing countries what level of military equipment met their defence needs. India, similarly, argued that the proposal would restrict the freedom of small Powers, while leaving the major Powers free to increase their arsenals. In the absence of other disarmament measures, including nuclear disarmament, the draft resolution was, in its opinion, discriminatory against the smaller and less developed countries. At the initiative of India, the debate on the question was then adjourned.

On another front, the General Assembly was able to initiate action in the 1960s with regard to the situation in South Africa. It led to the establishment of an arms embargo by the Security Council against South Africa in 1977.

A United States Initiative

In the years 1975 to 1977, the question of international arms transfers was also raised in the multilateral negotiating body, the Conference of the Committee on Disarmament (CCD), the successor of the ENDC. This was done mainly in the context of regional approaches to arms control.

In the CCD, in 1975, the United States clearly advocated the regional approach to conventional arms restraint. It cited the Vienna talks on mutual force reductions in Central Europe and the 1974 Latin American Declaration of Ayacucho as examples, and urged the consideration of broader and more world-wide approaches that could complement regional efforts. In that connection, it suggested that the CCD might consider principles of conduct that could be applicable on a world-wide basis to the acquisition or transfer of conventional arms.

Again in the CCD in 1976, the United States stressed its view that constructive constraints on the arms trade would enhance the security of all countries and might permit States to shift resources from military to development uses. It also pointed out that it was undertaking some unilateral measures of self-restraint, including restrictions on the transfer of missiles and high-performance aircraft to most regions. Nigeria also referred to the subject. It stated that suppliers were primarily responsible for the arms trade and cautioned against any attempt to divert emphasis in the CCD from priority concerns, notably nuclear disarmament.

During 1977, the international debate on the problem continued to widen. On 19 May, the United States adopted a Presidential Directive on Arms Transfer Policy.[8] The aim of the document was to impose unilateral restraints on United States arms sales under certain specified conditions, to promote co-operation between supplier and recipient nations, and to encourage regional co-operation among the latter towards curtailing the arms trade. The final paragraph of the Document read as follows:

> [President Carter] I am initiating this policy of restraint in the full understanding that actual reductions in the worldwide traffic in arms will require multilateral cooperation. Because we dominate the world market to such a degree, I believe that the United States can, and should, take the first step. However, in the immediate future, the United States will meet with other arms suppliers, including the Soviet Union, to begin discussions of possible measures for multilateral action. In addition, we will do whatever we can to encourage regional agreements among purchasers to limit arms imports.

In the late 1970s, the United States and the Soviet Union maintained a joint working group on international arms transfers, but no concrete agreement was reached by the two major conventional arms suppliers.

First special session of the General Assembly devoted to disarmament (1978) and subsequent developments

At the tenth special session of the General Assembly, the question of conventional arms limitation was accorded its widest and most extensive consideration to date within the United Nations framework. A large number of States, developing and developed, Eastern and Western, made clear that the escalating arms race, both nuclear and conventional, had to be restrained. But while several, mainly Western, States called for parallel and simultaneous consideration of nuclear and conventional disarmament, another group, mostly non-aligned States, emphasized their position that equal treatment of nuclear and conventional matters would detract from the urgency that should be devoted to the consideration of nuclear disarmament.

Apart from the disagreement over the order of priorities between nuclear and conventional disarmament, some basic differences of opinion continued to be voiced, especially between a number of Western and developing countries, regarding the nature of and the approach to the problem of the conventional arms race.

Several developed Western countries, among them Canada, France, the Federal Republic of Germany, Italy, the Netherlands, the United Kingdom and the United States, pointed to the transfer of arms and, in particular, their importation as the cause of the conventional arms race. On the other hand, a large number, mostly developing countries, including Colombia, Ecuador, Pakistan, Tunisia and Venezuela, treated the question of conventional arms transfers in conjunction with that of the production of those weapons, and most of them held that the ever-increasing qualitative and quantitative arms traffic was promoted by the producers and suppliers in order to maximize their commercial and foreign policy advantages. In calling for the simultaneous regulation of the production and transfer of conventional weapons, many developing countries emphasized the view that the development and production, by the developed countries, of increasingly sophisticated and destructive types of such weapons tended, in some cases, to blur the difference between nuclear and conventional arms and thus added a new and troubling dimension to the already disconcerting overall situation in the armaments field.

The Eastern European countries, for their part, called for agreements leading to the cessation of the development and production of new types of conventional weapons of great destructive capability and the renunciation, by the permanent members of the Security Council and by those countries which had military agreements with them, of the expansion of their conventional armaments and armed forces.

In the search for effective solutions to the problem of escalating conventional arms transfers, a number of approaches were suggested, including, in particular, the regional approach.

Although they recognized that a special responsibility rested on the suppliers, some supplier States, in particular the United Kingdom and the United States, stressed the ineffectiveness of the unilateral approach by suppliers to curb arms transfers. The United Kingdom explained that such an approach could itself be a potential threat to peace and the United States pointed out that it would be increasingly difficult for it to sustain its arms restraint policy unilaterally; both countries shared the view that the arms transfer problem required multilateral action by all suppliers. Canada, for its part, explaining that it was not a major arms exporter as it supplied only about one per cent of world sales, said that it could accept any consensus among arms suppliers to cut back on military exports.

A number of other concrete suggestions aimed at curbing the international transfer of arms were also advanced at the special session, including (a) the prevention of all forms of illegal trade in arms; (b) an international registration of arms sales and transfers; (c) an expert study as a first step towards checking the conventional arms race and the growth of international arms transfers.

In the Final Document adopted at the conclusion of the special session on 30 June, the Assembly dealt with two major aspects of the conventional weapons issue, namely, the reduction of armed forces and conventional weapons, especially those of the major military Powers, and the limitation of the international transfer of such weapons. A consensus in principle was reached on both aspects of the question (see "Introduction", above).

At subsequent regular sessions of the General Assembly, the approach to regulation and reduction of arms transfers that received the widest attention was the regional approach. In general, the concept was supported by countries of all geographical, political and socio-economic backgrounds. Regional measures were seen not as ultimate disarmament goals, but as supplements to other approaches, including bilateral and global initiatives, towards disarmament. It was frequently stressed, in these debates, that conventional arms restraint was vital for both economic and security reasons, especially for developing and other small and medium-sized countries, in that the conventional arms race accounted for the largest portion of military expenditures, and conventional weapons were not only used frequently in conflicts but also, in view of their increasing qualitative improvements, contributed to a dangerous narrowing of the distinction between nuclear and conventional weapons.

The United Nations study on conventional disarmament and other related sources

In 1980 and 1981, at the initiative of Denmark, the basis was established for an expert study, to be prepared under the Secretary-General of the United Nations, on all aspects of the conventional arms race and on disarmament relating to conventional weapons and armed forces.

The United Nations expert report, *Study on Conventional Disarmament*,[9] was carried out in 1982-1984, pursuant to General Assembly resolution 36/97 A of 9 December 1981. One of the aspects dealt with in the study was, of course, that of international arms transfers.

On the question, the study stated, *inter alia*, the following:

> 166. Experience has shown that for any proposed measure concerning arms transfers to receive serious consideration, several concerns must be met. First, all countries must be satisfied that the proposals are not discriminatory: this entails even-handedness for arms suppliers and arms recipients alike; it also may necessitate discussion of all aspects of arms transfers and production, including as appropriate arrangements such as co-production, standardization, technological co-operation, off-set cost arrangements and other relevant financial agreements within or outside military alliances. ...
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> ...
>
> 168. Possible agreements to restrain the transfer of arms, in the first place between major suppliers and recipients, would have to give particular attention to those weapon systems the characteristics and quantities of which are perceived as threatening to the security of other countries. ... It would be necessary to ensure that supplier countries which may not join in such arrangements would not simply expand their transfers to fill any "vacuum" arising from agreed restraints in arms transfers. That objective would be best served by participation of both suppliers and recipients in agreements on arms transfer restraints.
>
> 169. Separately, recipient countries could negotiate local agreements on arms-import restrictions. Appropriately fashioned, such agreements could enhance, *inter alia*, by reducing the involvement by extraregional States, the security situation in the respective regions. Such actions are applicable in varying degrees to almost all areas of the world but would be particularly appropriate in areas of tension or regions in which there is already a high concentration of weapons. In addition, agreements between recipients could be strengthened by corresponding agreements with or between suppliers.

In their conclusions, the experts suggested that "although a possible USSR-United States arrangement on arms transfers could be an important component of any process of conventional arms limitation and disarmament, any such arrangement would need to be accompanied by wider supply/recipient negotiations, perhaps on a regional basis".[10] With regard to a commitment by the public in all countries for progress in conventional arms limitations, it was the view of the experts that the main role of the United Nations in building such a public commitment was to provide accurate information and to promote a sound understanding of the issues involved as a basis for effective political action.[11]

In a subsequent expert report, *Study on the Economic and Social Consequences of the Arms Race and Military Expenditures,*[12] completed in 1988, the experts, looking at a number of related aspects of the conventional arms race, namely, (a) the relentless advancing of military technology; (b) the intensification of regional armed conflicts; (c) the increasing costs of weapons development and their negative effects on economic growth and international indebtedness; and (d) the changing patterns in the armaments industry and arms transfers, drew the conclusion that "the picture has not shown any clear net improvement ... with steps forward in one place, steps backward in another". On the whole, they found "little evidence of change ... in terms of the military desire for modern arms or of the governmental will to sell them".[13]

This, of course, has particularly adverse implications for the developing countries. As the Final Document of the International Conference on the Relationship between Disarmament and Development (1987) duly noted, "while arms exports are dominated by a number of developed countries, the developing countries account for a major share of arms imports. The adverse development implications of such transfers outweigh immediate trade benefits to the suppliers and security gains to the recipients".[14]

Third special session of the General Assembly devoted to disarmament (1988)

At the session, a number of Member States, notably Albania, Argentina, Australia, Belgium, Colombia, Ghana, Indonesia, Italy, Luxembourg, the Philippines, Spain, the USSR and the United States, devoted attention to the question of arms transfers. In particular, the United States noted that in the five years from 1977 to 1981, some $128 billion worth of arms had been delivered to developing countries. In the following five years, ending in 1986, the figure had risen to $180 billion—an increase of some 40 per cent. During the same period the developing countries themselves had shown a big increase as the sources of their own weapons. In percentage terms, their share had almost doubled from the first period to the second, rising from 6 to 11 per cent.

The Soviet Union stated that it favoured restrictions on the sale and supply of conventional arms. One of the obstacles to a settlement of regional conflicts, it pointed out, was the intensive importation of weapons into zones of increased confrontation.

Australia called on the General Assembly to consider how international arms transfers, in both overt and covert forms, could be regulated. The spectacle of States attempting to solve political or foreign policy problems through arms transfers was seen too often, Australia stated, and was clearly revealed as providing no solution at all. It was also clear that arms exports should not be turned to as a way of solving domestic economic problems; arms transfers must not become "a new cash crop". It should also be recognized, especially by those whose development needs were great, that the purchase of arms was at the cost of the purchase of investment goods essential to the creation of employment and economic growth.

Belgium stressed that transparency meant also the communication of reliable data on export flows and arms transfers. Thus, Belgium continued to support the idea of creating an international register or of notifying the Secretary-General about all arms transfers. It believed that the idea should be acted upon.

Colombia emphasized that the Movement of Non-Aligned Countries had pointed out repeatedly that the tremendous buildup in conventional weaponry represented a tragic misuse of resources in a world which was afflicted with mass poverty and hunger.

The Secretary-General of the United Nations forcefully addressed the question of arms transfers with these words:[15]

> The time has also come for us to recognize the need to deal squarely with the mounting toll of death, destruction and human suffering inflicted by the use of conventional weapons in conflicts around the world. We are witnessing not only the spread of highly sophisticated weaponry but also the growing use of such weapons in conflict areas. The term "conventional" should not hide or render banal the vast destructive powers of some of those weapons, nor should the innocuous-sounding

> phrase "arms transfers" make us forget the devastating effect of the supply of weapons in local conflicts. To my mind, the fact that the arms component is a growing factor in the export figures of many countries, including developing countries, is a very sad commentary on the present state of affairs. With modern technology not only nuclear war but, increasingly, conventional war as well, has acquired a dimension of destructiveness that it did not have in any earlier age. It is therefore necessary to restrict the spread of the most dangerous types of conventional weapons and, ultimately, to eliminate them altogether.

One of the imperatives flowing from this, the Secretary-General stressed, was that "there must be a greater awareness on the part of the international community of the incalculable dangers of the conventional arms race and of arms transfers."

The Secretary of State of the Holy See, Cardinal Casaroli, stated:[16]

> I cannot remain silent about the threat that arms transfers represent. Their negative consequences are obvious in wars which are being waged between developing countries. If law cannot defend the weaker countries, then it is up to the international community to make a strong commitment ... to ensure that appropriate measures capable of deterring potential aggression be taken.

The United Nations expert study on international arms transfers

In 1987, Italy submitted to the General Assembly a draft resolution entitled "Transfer of conventional armaments". By it, the Assembly would stress the need to promote measures aimed at constraining international arms trafficking; invite all Governments to intensify at the regional level their search for new, imaginative approaches to the limitation of the arms trade in parallel with conventional disarmament negotiations; and request the Secretary-General to monitor arms trade trends and to establish a code of conduct for both suppliers and buyers. Subsequently, Italy declared that being aware of the complexity of the matter, the technical, practical and political difficulties involved and the need for further reflection and examination, it had decided to withdraw the draft.[17]

Commenting on the draft, Colombia stated that while historic agreements were being signed on the reduction of the world's nuclear arsenals, conventional conflicts were growing worse and illegal sales of weapons were flourishing. It felt that action by the international community was overdue.

In 1988, two draft resolutions were submitted to the General Assembly, one entitled "International arms transfers", which was introduced by Colombia, and one entitled "International transfer of conventional armaments", which was introduced by Italy. As a result of consultations with other Member States, Italy later requested that no action be taken on its draft resolution.

On 14 November, Australia, Cameroon, Canada, Colombia, Costa Rica, El Salvador, the Federal Republic of Germany, Guatemala, Honduras, Italy, the Netherlands, Peru, the Philippines, Samoa and Sweden submitted a revised draft resolution, which was later also sponsored by Bolivia, Luxembourg, Norway, Paraguay and the United Kingdom. On 17 November, the same sponsors submitted a further revised draft resolution. In introducing the latter on 18 November, Colombia stressed that the draft embodied many of the concerns expressed over the years, as reflected and developed by the sponsors. On 18 November, the First Committee approved the second revision of the draft resolution by a recorded vote of 93 to none, with 36 abstentions.

On 7 December, the General Assembly adopted the draft resolution by a recorded vote of 110 to 1, with 38 abstentions, as resolution 43/75 I. In its operative part, the Assembly expressed its conviction that arms transfers in all their aspects deserve serious consideration by the international community, *inter alia*, because of: (a) their potential effects in areas where tension and regional conflict threatened international peace and security and national security; (b) their known and potential negative effects on the process of the peaceful social and economic development of all peoples; and (c) increasing illicit and covert arms trafficking.

Because of these negative effects, the General Assembly, by the resolution, requested Member States to consider, *inter alia*, the following measures: (a) reinforcement of their national systems of control and vigilance concerning production and transport of arms; (b) examination of ways and means of refraining from acquiring arms additional to those needed for legitimate national security requirements, taking into account the specific characteristics of each region; and (c) examination of the ways and means of providing for more openness and transparency with regard to world-wide arms transfers.

The resolution further requested the Secretary-General to carry out, with the assistance of governmental experts, a study on ways and means of promoting transparency in international transfers of conventional arms on a universal and non-discriminatory basis, also taking into consideration the views of Member States as well as other relevant information, including that on the problem of the illicit arms trade, for submission to the General Assembly at its forty-sixth session.

It is expected that the study will be completed prior to the convening of the forty-sixth regular session of the General Assembly, in 1991.

Conclusion

The trend of the 1980s, towards devoting both increased and more immediate attention to conventional armaments and their regulation on the part of the United Nations, gained momentum as the world moved closer to the decade of the 1990s. Resolution 43/75 I provides a particularly significant indication of the international community's more positive approach to the question of international arms transfers. Indeed, it marks a turning point in the multilateral approach to the question.

In this improved situation, the Disarmament Commission, in 1990, was able to formulate recommendations by consensus[16] on ways to facilitate possible measures in the field of conventional arms reduction, including measures to restrain international arms transfers. In that connection, the Disarmament Commission recommended that arms transfers should be addressed in conjunction with the questions of maintaining international peace and security, reducing international tension, enhancing confidence, and promoting disarmament as well as social and economic development. Restraint and greater openness, the Commission stressed, could help in that respect. Within that context, the grave consequences of illicit traffic in arms deserved substantive consideration.

The way should now be open for the United Nations to develop multilateral action with a view to restraining international arms transfers. This is all the more important at this juncture, when the 23 States belonging to the two major alliances are negotiating in Vienna a treaty on conventional arms reductions.

Ways must, indeed, be found to prevent the arms eliminated by the major alliances from becoming the source of increased arms trade and other international arms transfers to developing countries.

As the Secretary-General of the United Nations has stated,[19] there is need to take a fresh look at the problem of international arms transfers from the vantage point of the ongoing positive changes in the overall world situation; there is need to focus on the concrete ways in which governmental initiatives as well as multilateral action can help develop an atmosphere conducive to restraint.

Notes

1. General Assembly resolution A/S-10/2.

2. *Official Records of the General Assembly, Twentieth Session, Annexes*, agenda item 28, document A/6129, paras. 4 and 8.

3. *Official Records of the General Assembly, Twenty-first Session, Supplement No. 1* (A/6301/Add.1), sect. II.

4. *Official Records of the General Assembly, Twenty-third Session, Annexes*, agenda items 27, 28, 29, 94 and 96, document A/7441, para. 5 (d).

5. *Ibid.*, para. 6.

6. *Official Records of the General Assembly, Thirtieth Session, Supplement No. 1 A* (A/10001/Add.1), sect. VIII.

7. A/31/386, para. 6.

8. *Weekly Compilation of Presidential Documents*, vol. 13, No. 21 (May 23, 1977), p. 756.

9. United Nations publication, Sales No. E.85.IX.1.

10. *Ibid.*, para. 198.

11. *Ibid.*, para. 199.

12. United Nations publication, Sales No. E.89.IX.2.

13. *Ibid*, para. 58.

14. A/CONF.130/39, part II, para. 23.

15. *Official Records of the General Assembly, Fifteenth Special Session, Plenary Meetings*, 1st meeting.

16. *Ibid.*, 5th meeting.

17. See A/42/669/Add.1, paras. 28 and 29.

18. *Official Records of the General Assembly, Forty-fifth Session, Supplement No.* 42, para. 34.

19. For the full text, see the Message of the Secretary-General, p.182.

Part Two

Transparency and confidence-building

Transparency and Confidence-Building

Friedrich Ruth

The problem of arms transfers in its global dimension has long received public and political attention. The economic, political, social and military implications are readily understandable and have been subjects of initiatives and interventions in the United Nations and elsewhere. But in spite of the attention the subject has received, there have as yet only been sporadic efforts to come to grips with the complex problems involved and, above all, the United Nations has not addressed the subject in a systematic and concrete manner.

There is now, however, the prospect that, through the decision of the General Assembly of 7 December 1988 to carry out a study by governmental experts "on ways and means of promoting transparency in international transfers of conventional arms on a universal and non-discriminatory basis", the problem of arms transfers will be addressed in a systematic and constructive manner.

The subject has achieved particular significance in the light of the dramatic developments which have taken place in Europe and which are reshaping the face of this continent. We are witnessing the transformation of the post-war confrontation between East and West into structures of co-operation, and we are seeing the divisions of Europe and of my own country being overcome.

Obviously, this development is being followed both inside and outside Europe with intense interest. We are convinced that the development towards co-operation in the framework of the Conference on Security and Co-operation in Europe (CSCE) and through the Vienna arms control negotiations and on the basis - as far as the Western countries are concerned - of the European Community and the European-American alliance - will make an important contribution to stability and peace in the world as a whole.

All of us in the United Nations have an obligation to strengthen the work of this universal forum and to address important

Friedrich Ruth is Ambassador of the Federal Republic of Germany to Italy.

issues affecting the North-South relationship in order to be able to promote co-operation in the interest of stability and security in and between regions of the world and on a global scale.

In the development of the situation in Europe over the last 20 years, efforts to build confidence through concrete and militarily significant measures have played an important and constructive role. In my view, without the progress achieved in the field of confidence-building measures, progress in the field of limiting and reducing conventional arms would be difficult, if not impossible, to imagine. Bringing about transparency through the negotiation of measures to create confidence was a vital contribution to the realistic expectation which we have today of reducing arms to lower levels.

I am convinved that the topic "the relationship between transparency in international arms transfers and confidence-building" implies a realistic and potentially effective approach to dealing with the thorny problem of international arms transfers in the framework of the United Nations.

Confidence-building measures do not, as is well known, lead directly to the limitation and reduction of military potential and activities. They are, however, capable of promoting self-restraint and are an indispensable step towards creating a basis for negotiated limitations and reductions.

Negotiated, co-operative transparency is the key mover in an effort to reduce mistrust and miscalculation in the field of military security. This confidence-building effect is achieved because this kind of transparency is based on a co-operative effort; establishes a framework of dialogue in a concrete area of military potential and activity; establishes a verifiable basis for future limitations and reductions; helps to distinguish action which is permitted from action which is illegal and thus needs to be curtailed; and underlines the readiness of participants to accept a common interest in, and enhance the perception of a common responsibility for, creating security and stability.

Undoubtedly, to achieve this kind of transparency in the field of arms transfers is a difficult, extremely complex task: it will have to aspire to global validity, covering producers and buyers, alike; will not in itself produce dramatic results, but can, on the other hand, assist self-restraint and make more far-reaching and ambitious negotiations and constraints possible; and cannot cover illegal trade (which must be banned).

The expert group which began its work in January and will present its findings to the General Assembly in the fall of 1991 has a difficult task ahead. Nevertheless, as a regionally balanced body of governmental experts, it has a real chance to fulfil its task in time if there is consensus on at least two points:

- Confidence-building through transparency in arms transfers is in the interest of all;
- There is a determined will to bring the study to a successful conclusion and thus contribute to strengthening the United Nations role in disarmament.

In my view, the important question will not be whether consensus will be achieved on all points. It might be advisable to spell out differences of opinion where they exist instead of producing a meaningless compromise or no result at all. It would be wise to keep in mind the fact that practical conclusions will have to be drawn by the First Committee, supported perhaps by the Disarmament Commission and - why not? - the Secretary-General's Advisory Board on Disarmament Matters.

Let me conclude by recalling that my Government has long advocated the creation in the United Nations of a register for conventional arms transfers containing data from exporting and importing countries. It might be helpful to keep this suggestion in mind. It would, we are convinced, help to create confidence through negotiated transparency on the basis of reliable information. It would invite self-restraint and prepare the ground for more far-reaching measures in the difficult but important field of conventional arms transfers.

The Urgency of Facing the Problem of International Arms Transfers

Eugenio Plaja

Transfers of conventional armaments rightly worry the international community. Their quantitative dimensions, compared with the total amount of world armaments and of weapons production, is perhaps not all that impressive. But this is not the point. The point is, in my opinion, that arms transfers very often introduce into international relations an element of destabilization of their own, which adds to the other disturbing components of the arms race - the more so since transfers tend to be handled discreetly, not to say secretly.

Both transfers of which we have public knowledge - and which mostly occur between allied or quasi-allied countries - and transfers which, for different reasons, escape such knowledge, are a cause of concern since they reflect, one way or another, on the maintenance of peace and international security. As such, the problems they create fall within the responsibility of the United Nations according to the articles of the Charter dealing with the maintenance of peace, international security and disarmament. One might wonder, therefore, why the Organization has, up to now, been unable to deal with the problems of arms transfers with any effectiveness. In this respect, I have read with interest the background paper of Dr. Alessandro Corradini, circulated as part of the useful documentation prepared for our meeting. There might be difficult answers to this question. I shall venture to mention those which I believe to be most relevant.

Arms-transfer regulation impinges on delicate aspects of sovereignty owing to its connection with foreign policy, i.e., general political orientation, defence, choice of friends and allies. The right to provide for its own security, without foreign interference, is jealously

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Eugenio Plaja is the Chairman of the United Nations Group of Governmental Experts to carry out a study on ways and means to promote transparency in international transfers of conventional arms.

guarded by each State. It is not an easy task to convince members of an organization based on the sovereignty and equality of States that some kind of agreed international regulation in this and other fields is, on a global basis, the best way of safeguarding true sovereignty, i.e., by maintaining security, avoiding or solving conflicts, and creating a general atmosphere of confidence among nations. Indeed a certain amount of dependency, which entails limitation of absolute freedom of movement, is in most cases a consequence for the recipient countries of an arms transfer relationship; but these countries seem to consider that dependency resulting from their sovereign decision as acceptable, while they are reluctant to accept dependency resulting from a general system of restriction and control.

In the United Nations, the problem of arms transfers has mostly been dealt with in the framework of the general problem of disarmament and is closely connected with its other more difficult aspects. As we all know, until recently the international situation has, unfortunately, not been propitious for consistent progress in the field of conventional armaments. Thus, this connection has not helped efforts to face the problem of international arms transfers constructively.

Finally, economic implications have a considerable weight in decisions related to the arms trade. The economic-industrial component of the problem has been thoroughly studied by many authors: the background paper submitted to this symposium by Mr. Christian Catrina seems to me especially enlightening on this subject. It shows the type and the strength of the interests which, in the traditional industrialized countries, in the new suppliers and in various recipient countries, are likely to resist attempts to regulate, monitor and limit arms transfers. I must add that, in recent years, this economic component has apparently tended to have a progressively decreasing effect on the motives underlying arms transfers. One related danger has been mentioned in this respect. The positive turn taken by the negotiations on conventional disarmament will hopefully bring about rapid and significant reductions in the deployment of conventional armaments in Europe, yet this will mean that the discarded weapons will potentially be available to the market at very low prices or even for free. It is therefore to be hoped that special rules will be included in the conventional disarmament agreements in order to prevent the reduction of the arms race in Europe from ending up as an undesirable increase in regional arms races in the third world.

The United Nations embarked upon a new effort to deal with the problem of international arms transfers when it adopted General Assembly resolution 43/75 I in December 1988. This was due largely to the initiative of a small group of States - among them, Italy - which believes in the important contribution that regulating arms transfers can make to stability in international relations and to the solution of active or potential conflicts.

I believe that the chances of making progress towards the regulation of international arms transfers have now improved substantially. The radical changes in East-West relations are creating a general atmosphere in which past polemical and unconstructive attitudes in all matters concerning disarmament are being put aside, thus allowing the positive value of steps like arms-transfer regulation to be perceived by all interested parties. Furthermore, the changes in East-West relations are having positive repercussions on some regional situations, thus raising hopes of extending détente to areas where existing or potential conflicts, internal instability and reciprocal suspicions have so far allowed ample scope for the most alarming flow of arms. Finally, if I may say so, the new international atmosphere is permeating the United Nations system and giving fresh impetus to the possibilities of the Organization which were undoubtedly much dampened by the confrontation between the super-Powers that characterized the early decades of its life.

I see one more reason - a practical one if I may say so - to be somewhat optimistic about the possibility of making progress this time in the United Nations on some regulation of arms transfers. Past approaches, contained as they were within the framework of general disarmament discussions, looked straight to the adoption of global and binding measures of control and restriction of arms transfers - a rather ambitious objective. It seems to me that this time the United Nations is taking a different, less ambitious, step-by-step approach. Of course global and non-discriminatory measures of control and restriction must be the ultimate aim of any international endeavour in the field of arms transfers; it is possible, however, to try to attain them gradually by first dealing with the somewhat easier aspects of the problem and then by pursuing progressive agreements on its different components. This is my interpretation of the General Assembly resolution.

Although the resolution also refers to other aspects of the problem of arms transfers, the focus is on one specific aspect: ways and means of achieving transparency in such transfers. This aim is somewhat limited, but apparently more easily obtainable. At the same time, it represents an end in itself, since transparency is undoubtedly a confidence-building measure, and a first step that, if successfully implemented, could lead to more ambitious results. This is, as you know, the subject of the study which has been entrusted to the Group of Experts that I have the honour of chairing and which will be submitted in due course to the Secretary-General of the United Nations as a contribution to his deliberations.

Of course everybody realizes that no serious study of transparency can be conducted in isolation from other aspects of the problem, such as the reasons behind arms transfers, the consequences which derive from them, their relationship with disarmament and security issues and, of course, the ultimate goal of regulating such transfers. Therefore, the study should also dwell upon these other aspects. But that should be done, in my opinion, bearing constantly in mind the primary necessity of focusing on the aspect of transparency and of trying to agree on specific proposals to promote it.

If this interpretation of the new approach adopted by the United Nations General Assembly is correct, the general directive to be followed by all concerned in the implementation of the resolution should be to look for tangible results, accepting limited but concrete solutions whenever the difficulty of agreeing on more ambitious ones becomes an obstacle. Let me give some examples.

In order to tackle the problem of transparency, it should be decided what should be made transparent. I understand why it could be thought that the optimum would be a broad definition including, let us say, technology transfers and services. But one has to reflect upon what should be done if such a broad definition creates difficulties in the practical implementation of transparency measures and thus becomes an obstacle to an agreement which would be possible, based on a more limited definition. Should not the old saying that "half a loaf is better than none" prevail?

Another example, many background papers produced for this meeting refer to the connection between arms transfers and arms production. This connection of course exists. But does this mean that the attempt to provide a solution to the problem of arms transfers, starting with guidelines for the promotion of transparency, cannot be tackled without tackling at the same time the problem of arms production? In this I think the answer is very clear. A third example. It has been asked what juridical framework should be adopted in order to give international value to whatever regulation on transparency might be agreed upon. Of course, an international treaty would be the optimum, but would not a General Assembly resolution, as a first step towards a more binding regulation, be considered already a very important result?

After these rather general considerations, let me now focus on some specific aspects of transparency, looking at them in the light of the pragmatic, step-by-step approach described above.

The impact of arms transfers is particularly serious and dangerous in situations of open and potential conflict. This has special relevance in some regional areas. I believe that in order to conduct the deliberations on ways and means to promote transparency in arms transfers constructively, a distinction should constantly be made between, on the one hand, the transfers which take place between industrialized countries, and are part of the issue of general disarmament, and, on the other, the transfers which take place between industrialized producers and third world recipients, and are part of the issue of regional security. Of course, it must not be forgotten that the ultimate solution to the problem of transparency as well as to the general pattern of arms transfers should be global and non-discriminatory, as stated in the General Assembly resolution. This does not exclude, however, the realistic consideration that the early adoption of some measures of transparency would have a role of special importance in situations existing in some third world regional areas: helping to check dangerous and costly local arms races caused by suspicions and misunderstandings.

Therefore the eventual goal of a general and global agreement is fully compatible with the step-by-step approach, with the search for partial agreements at the regional and even bilateral level. Such partial agreements could be pursued on a voluntary basis, to avoid impinging negatively on the principles of non-discrimination and equal sovereignty. An example from regional areas where the general atmosphere of world détente has already brought promising improvements would indeed be very encouraging.

Illicit transfer. This aspect is very difficult to assess properly, starting with the definition itself. "Illicit", according to the definition, means not permitted, but by whom? We run the risk of being entrapped in the quicksand of positive or natural right, ethics, religion and so on. I think we would be on firmer ground if "illicit" were considered as equivalent to "illegal". But this would not help us very much either. While several States have internal regulations governing arms movements, and transfers violating them are illegal in the internal jurisdiction of those States and can be - and as a matter of fact often are - brought before the courts, very few rules regulating these movements exist in international law. This makes it impossible to find sound juridical grounds for declaring as internationally illegal most of the transfers which feed the black or gray arms market, whose existence and destabilizing effects are well known. While waiting for a propitious moment in which specific norms for arms transfers can be adopted, we might at least try, by regulating transparency, to reduce the range of possibilities open to illicit actions, which are fed by secrecy in arms transfers.

Finally, I would like to say a few words about possible measures for implementing transparency, I am convinced that if the political will to achieve results exists, it should not be too difficult to agree on the practical instruments to be adopted. Here again, a not overly ambitious, initial, step-by-step approach might help. While a generalized global non-discriminatory system should be the ultimate goal, it is possible to imagine, as a first step, different measures adopted for different situations or measures referring to some group of countries desirous of proceeding on a voluntary basis without waiting for a general system. A general register to be kept by the United Nations is often mentioned, but it might prove somewhat difficult to establish in the first instance. In this case, let us not overlook or consider as unimportant more limited measures, such as proposing methodological models to be followed on a regional or bilateral level by countries which would voluntarily have recourse to them as confidence-building measures or reciprocal security improvements.

I am afraid my thoughts may be considered by some as overly optimistic, even though they focus on a limited, step-by-step approach, and by others as perhaps too cautious and low-flying, because of the limited, step-by-step approach. Well, we shall see; after all the new debate on the issue of arms transfers is only just beginning to take shape. I shall merely repeat my conviction that this time the United Nations is bound to achieve positive results and that, by adopting some kind of minimum standard for transparency, a first important step towards control and reduction of arms transfers will be taken.

Missile Proliferation, Proliferation Control and the Question of Transparency

Andrew Mack

Introduction

The issue of missile proliferation is an important one in the history of attempts to control arms transfers, since this is the only category of conventional weapons whose transfer has been regulated by a negotiated agreement—the 1987 Missile Technology Control Régime (MTCR).

This paper examines one particular dimension of the arms transfer process: missile proliferation. It examines both the "supply" and "demand" side of the arms transfer equation. It argues that as long as the concerns which give rise to third world demands for weapons imports continue to exist, attempts to use supply-side methods to prevent missile proliferation are unlikely to succeed.

The supply-side approach, embodied in the case of missile proliferation in MTCR, is perceived by many third world countries as discriminatory. Under MTCR, the attempt to halt the spread of missiles and missile technology is not achieved via a global régime (as in the case of nuclear and chemical weapons), but rather via a small group of countries seeking to deny the rest of the world the very technology which many of them have found essential for their security purposes. The motives of the MTCR member States, all of which are from the industrialized West, are viewed with some suspicion in the third world.

The missile proliferation problem

A Congressional Research Service report recently noted that the number of countries that were purchasing missiles was

Andrew Mack is Head of the Peace Research Centre, The Australian National University, Canberra, Australia.

growing; the number that was producing missiles was growing; and their missiles had increasingly longer ranges, carried heavier warheads and were generally improving in accuracy.

William Webster, the United States Central Intelligence Agency Director, has claimed that at least 15 third world countries will be producing their own ballistic missiles by the year 2000. Some third world missile States have the potential, via their space-launch programmes, to build intercontinental ballistic missiles within twenty years.

Third world ballistic missiles have ranges from 2,500 kms (the Indian Agni and the Chinese CSS-2) to less than 100 kms. The warheads are typically between 500 and 1,000 kgs and the accuracy is very poor. Indeed, the longer-range missiles have an accuracy so low and a cost so high that many analysts believe they would make strategic sense only when armed with nuclear weapons.

Ballistic missiles have been used extensively in the war between the Islamic Republic of Iran and Iraq and in the war in Afghanistan.

Ballistic missiles are not the only problem – cruise missiles may pose a growing proliferation risk in the future. Cruise missile technology is readily available and, compared with ballistic missile technology, is fairly easy to master. Most third world navies already have anti-shipping sea-launched cruise missiles (SLCMs) of the Harpoon/Exocet type. The range of these systems is typically under 100 kms.

Currently only the long-range super-power SLCMs can be used in a land-attack role, since the guidance systems of the Harpoon/Exocet-type anti-shipping SLCMs cannot accurately acquire targets on land. The terrain-matching radar which the United States uses to guide its Tomahawk land-attack SLCMs is likely to be beyond the technological capabilities of third world States for a very long time.

But the problem of guidance will be to a large degree overcome by a new United States satellite navigation system called the "global positioning system" (GPS). It is already possible to buy off-the-shelf GPS receivers, which can be held in the palm of one hand and which give position with an accuracy of 30-100 metres. Such systems, which can be bought from yacht chandlers, cost a mere $3,000. This sort of accuracy is ten times greater than that of the current generation of third world ballistic missiles. It is sufficient for delivery of chemical weapons and fuel-air explosives (FAE) against unprotected targets. It is, of course, more than sufficient for nuclear weapons. GPS will not only enable anti-shipping missiles to be used against land-targets; it can also be used to provide targeting data for ground-launched cruise missiles.

The missile-chemical weapons/nuclear equation

A new cause for concern is that the emerging missile technologies may be coupled with weapons of mass destruction – most obviously nuclear weapons, but also chemical weapons.

In the Iran-Iraq war, both chemical weapons and missiles were used, but not together. One may imagine the appalling results if the missiles used in the so-called "Battle of the Cities" had been fitted with chemical weapons warheads, as they may be in the future.

Among third world countries which have major missile programmes, the Syrian Arab Republic, Iraq, Iran, the Libyan Arab Jamahiriya, the Democratic People's Republic of Korea and the Republic of Korea, China and Israel, and also Taiwan, are believed to have chemical-weapon capability.

Those third world countries possessing missiles and believed to be seeking to acquire, or already possessing, nuclear weapons, include the Libyan Arab Jamahiriya, India, Pakistan, Iraq and the Democratic People's Republic of Korea, and Taiwan as well. Israel, which has missiles, is also widely thought to have chemical and nuclear weapons.

What distinguishes missiles from strike aircraft as delivery systems is that there are currently no effective defences against them; it is this factor which makes them strategically attractive. Geographically compact, technologically advanced societies like Israel may be able to develop limited missile defence systems. Israel's Arrow system is one such attempt, but this option simply does not exist for most third world States.

The road to proliferation

Third world States which wished to acquire missiles used to buy them from the super-Powers. The United States, however, stopped sales long ago and the Soviet Union has recently indicated that it will abide by the MTCR rules. Under MTCR, States undertake to refrain from the export of missiles, and components for those missiles, which have a range of more than 300 km and a payload of more than 500 kg. In practice it has proved difficult for MTCR States to prevent companies and individuals from making clandestine deals with would-be missile producers in the third world.

Even though the super-Powers are no longer in the missile-export game, third world States which wish to acquire missiles or missile technology still have a number of options.

1. They can seek to create their own indigenous missile production capability or adapt their civilian space-launch programmes.Both of these options will require, at least initially, outside help. This can come from the developed nations or, increasingly, from third world missile producers like China and the Democratic People's Republic of Korea. If help comes from MTCR States, it will have to be clandestine.

2. They can import complete systems from one of the third world producer States which are not, of course, bound by the MTCR agreement. China and the Democratic People's Republic of Korea have been the major supplier States.

MTCR's problems

MTCR has slowed, but not stopped, the flow of missile technology from the West to third world missile States. The Régime suffers from a number of drawbacks, many of which would also be likely to arise in other arms transfer control régimes. MTCR is therefore an important case study for students (and proponents) of such régimes. The drawbacks of MTCR include the following:

1. Neither would-be third world importers nor the two major third world missile exporters, China and the Democratic People's Republic of Korea, are parties to the agreement. The contrast with the nuclear non-proliferation Treaty, which has many third world parties, is marked.

2. The agreement sounds to many third world countries like a re-run of an old, familiar and, to them, quite unacceptable theme. Advanced industrialized countries believe that ballistic missiles (like nuclear weapons and chemical weapons) serve the cause of stable deterrence when in their hands. The same weapons in third world hands are seen as undesirable and destabilizing. Many third world nations find such sentiments patronizing, hypocritical and unacceptable. Developed States have traditionally been insensitive to these third world perceptions. There is, moreover, a significant difference between the super-Powers' position on nuclear and chemical proliferation, on the one hand, and missile proliferation, on the other. Thus both Washington and Moscow are committed to major reductions in their inventories of nuclear weapons and actual elimination of chemical weapons. There are, however, no comparable commitments to reduce or constrain super-Power production or deployment of non-nuclear ballistic missiles; indeed both super-Powers are developing new systems.

3. Some third world States see MTCR as a discriminatory device which, in denying them access to particular high technology exports, unfairly penalizes their civilian space programmes and so constrains high technology-oriented economic modernization programmes.

4. Securing agreement about the enforcement of MTCR rules between and within member States has been difficult because security and trade interests in this area have often been contradictory and because the agreement is open to differing interpretations. In the United States, the Commerce Department has taken a more liberal view of what may be exported than have the Departments of State and Defense. These differences have been the cause of considerable bureaucratic dispute in Washington.

5. Private corporations in MTCR countries can evade the control régime—some already have. Where profits are large and detection is difficult, the temptation to transgress will be high for unscrupulous companies. Technology transfer can also arise from successful espionage or theft. It is on this last issue that the question of promoting transparency at the state level, and through the United Nations, becomes problematic.

Transparency

Insofar as missile technology transfer is successfully hidden, it will, obviously, not be transparent. MTCR is in itself paradoxically an incentive to clandestine transfers.

Sometimes Governments will uncover and publicize clandestine weapons transfers (the recent seizure of nuclear triggers bound for Iraq is a good example). But sometimes, for a complex of reasons, they will do, or say, little. This has already happened in a number of Western European States in both missile technology transfers and in the transfer of precursors of chemical weapons.

We should note these clandestine transfers have frequently been revealed by investigative reporters and scholars, often in the face of government obstruction. What this suggests is that even if it is possible to create a United Nations programme for monitoring arms transfers, Governments may sometimes find reasons for not co-operating. Thus there will still be a need for non-governmental programmes and investigations in order for overall transparency in this area to be maximized. The important arms trade project of the Stockholm International Peace Research Institute (SIPRI) is a good example of what can be achieved by a non-governmental organization with determination and limited resources.

In the long term what the super-Powers like to call "national technical means" of inspection and verification (primarily satellites) may increase transparency dramatically, without co-operation with other States being necessary.

We are already seeing commercially available photographs from the French SPOT (système probatoire d'observation de la terre) satellite being used as what is, in effect, a public-domain Open Skies surveillance system. SPOT satellite photographs of a North Korean reactor site have, for example, been cited as evidence for the claim that Pyongyang is building nuclear weapons.

As the resolution of new generations of satellites continues to improve, the publicly available satellite photos (and other forms of imagery) could provide valuable intelligence to the world community concerning not so much the process of arms transfers as the deployment of new systems.

Improving MTCR in a buyers' market?

As East-West tensions diminish, defence budgets continue to shrink and traditional markets decline, Western arms manufacturers may be forced into an increasingly desperate search for new markets - most obviously in the third world. In such an environment, efforts to sustain a successful export control régime will confront growing difficulties. Monitoring and assuring compliance with MTCR - again a question of transparency - is hampered by the fact that the Régime has no international monitoring agency like the International Atomic Energy Agency (IAEA), no enforcement mechanisms and no institutionalized arrangements for regular meetings among participants.

In order to remedy the deficiencies of MTCR, it has been suggested that the following steps be taken:

1. More suppliers be brought into the Régime.
2. Restrictions be broadened and translated into national laws for strict enforcement.
3. The sale of space-launch technology be made conditional on buyers' adherence to the nuclear non-proliferation Treaty.
4. Efforts be made for a universal ban on testing ballistic missiles.

However, it seems unlikely that even an improved export control régime will provide more than a partial solution to the proliferation problem. What then are the other potential options?

Sanctions

The idea of using negative sanctions against countries and companies which export missiles or their components has a great deal of support in the United States, especially in Congress, where there has been a spate of demands for tough measures to curb missile proliferation over the past year.

Where third world States export missiles or missile technology primarily for economic gain, economic sanctions have some chance of success. But negative economic sanctions are unlikely to stop third world States from pursuing what their Governments perceive to be vital political or security interests.

Economic sanctions against the Democratic People's Republic of Korea, for example, are hardly an option for the United States, since Washington has virtually no economic leverage over Pyongyang, while the North Koreans almost certainly see their indigenous missile programme as being a vital national security interest.

Moreover, the gains which may be extracted in the short-term from the use of negative economic sanctions against third world exporters need to be weighed against the long-term implications of the deep resentments that such policies may generate. Indeed one may ask what exactly is to be gained by denial of technology transfer and/or sanctions, if this merely delays a third world State's acquiring a missile capability, while at the same time giving rise to resentment against the State(s) applying the sanctions?

Positive sanctions – offering rewards to States for not pursuing their own ballistic missile programmes or exporting missiles to other States – are obviously less likely to alienate the target State.

The missile defence option

Some analysts believe that MTCR may already be too late, and that while missile proliferation may be slowed, it cannot be stopped. From this perspective the key issue becomes the management of the dangers which proliferation poses. Two approaches are commonly discussed: the defensive and the offensive.

The missile defence option is, as already noted, a non-option for most third world States. Given that very few analysts believe that even the United States can build an effective anti-missile shield and that the cost of an ineffective system could run into hundreds of billions of dollars, it is clear that effective missile defences are beyond the resources of any third world country for the foreseeable future.

The offensive option

The offensive option – destroying the opponent's missiles pre-emptively – is also difficult for most third world States, since they typically lack the long-range surveillance and target acquisition necessary to achieve this objective. Most third world missiles are mounted on mobile launchers, which makes target acquisition even more difficult.

If these problems can be overcome and pre-emption becomes a possibility, a different set of risks arises. Indeed, in this eventuality all of the well-known problems of crisis stability—of escalating incentives for pre-emption—that have been at the centre of the strategic nuclear relationship between the super-Powers become prominent.

Demand-side alternatives

If the approaches to controlling proliferation embodied in MTCR and sanctions are inadequate, if ballistic missile defence is not a serious option for most third world States, and if the offensive option is either unworkable or destabilizing, what alternatives are there? As suggested above, part of the answer may be that a greater stress should be laid on the demand side of the proliferation problem and, in particular, on addressing the security imperatives which lead third world States to seek missile and other offensive weapon capabilities in the first place.

Put another way, the perspectives, interests and concerns of the arms importers must occupy a more important place in the debate on how—or indeed whether—the trade in missiles and other arms should be controlled. Unfortunately, this approach remains largely unaddressed in literature on this subject. Janne Nolan, one of the few analysts to have urged that the demand side of the proliferation issue be taken seriously, has suggested that ways to encourage third world countries to adopt non-aggressive and deterrent postures as they acquire new weapons capabilities should be explored. For much of the third world, however, this approach also confronts a number of very real difficulties. Here there is little of the debate over the merits of defensive strategies and force postures that has become central to the mainstream security discourse in Europe. Furthermore, arms control and confidence-building measures remain largely alien concepts within most security communities in the third world, while the Westen arms control community remains far too Eurocentric in its concerns.

There are other problems. Some of the MTCR States may have agreed not to export missiles, but they are still producing them for their own defence, thus undermining their political and moral authority as proponents of non-proliferation.

Moreover, many MTCR States are still actively promoting the sale of combat aircraft capable of delivering heavier payloads with greater accuracy and over a longer range than almost all third world ballistic missiles. The effective range of such aircraft will be greatly increased as regional States begin to acquire in-flight re-fuelling capabilities. Why should missile exports be seen as undesirable, but exports of strike-aircraft quite acceptable? States involved in the sale of strike-aircraft, while seeking to block missile sales on the grounds that they are destabilizing, may well be charged with inconsistency, if not hypocrisy.

Some specific measures

What might a demand-side approach to controlling transfers of missiles and other offensive weapons amount to in practice?

1. It would require a much greater stress on the reasons which impel States to seek to acquire offensive weapons in the first place.

2. It could examine the utility of confidence- and security-building measures (CSBMs) in minimizing the fears and tensions which lead States to seek to acquire offensive weapons. The CSBM approach to security-building is slowly beginning to gain currency in the third world, not least as a consequence of the work of the United Nations Department for Disarmament Affairs.

3. Initiatives in this area do not have to be made by States, at least not in the first instance. Over the past three years, for example, there have been a number of conferences and workshops in the Asia-Pacific region (Australia, Canada, China, Japan, the Republic of Korea, Malaysia and Nepal) which have brought analysts and officials together to examine some of the problems inherent in offensive strategies and to discuss how arms control in general, and CSBMs in particular, may contribute to alleviating them. These meetings constitute a useful example of what has been called "track II" diplomacy.

4. Regional States may also play a constructive role in their regions and subregions. In the Asia-Pacific region, for example, Australia and Canada have good relations with the super-Powers,

excellent arms control credentials, and are not themselves involved in any regional conflicts. Either country could usefully encourage or even establish regional dialogues on strategic doctrine, arms control and CSBMs in the Pacific. The particular risks inherent in the proliferation of missiles and other offensive weapons would be central to such dialogues. Australia's successful regional initiative on chemical weapons offers a model which could well be emulated. This initiative has drawn diplomats and other officials from South-East Asia and the South Pacific States into a dialogue with Australian arms control officials on the risks of chemical weapons proliferation and the desirability of creating a global treaty to ban all chemical weapons.

5. It may be helpful in the current climate of East-West détente to start thinking about policies of co-operative security between the super-Powers. Indeed, as super-Power relations continue to improve, and as East-West competition is no longer a driving force of super-Power arms sales policies, the super-Powers may well find a new common interest in seeking to prevent the proliferation of a range of weapons systems, not simply nuclear weapons and ballistic missiles.

6. As a consequence of the dramatically improved relationship between the super-Powers, the prospects for the United Nations to play a far greater role in resolving conflicts have increased greatly.

Conclusion

Transparency is a necessary, if not sufficient, condition for policies of confidence-building and common security. Increased confidence can in turn help remove some of the deep-seated resistance which exists in certain quarters to revealing information about sensitive security issues. Creating a dialogue on these issues - which the Department for Disarmament Affairs at the United Nations has been pioneering in recent years - is a necessary first step in what will almost certainly be a long and difficult process.

Part Three

Promoting restraint in international arms transfers

An American Perspective

Vincent F. Decain

Significant changes are taking place across the spectrum of international arms control. The heads of State of the United States and the Soviet Union will meet in Washington at the end of May to conclude new agreements in the area of arms control. Solid progress is also being made towards reaching a comprehensive agreement for major reductions in conventional forces in Europe. The United States and the Soviet Union have already made substantial progress in the physical destruction of their existing inventories of intermediate-range ballistic and land-based cruise missiles under the INF Treaty. It is a bitter irony that, just when the United States and the Soviet Union are eliminating this whole class of INF missiles, other countries are expending scarce resources to develop or procure ballistic missile capabilities comparable to what Washington and Moscow have agreed to forgo.

Conventional weapons proliferation is finally beginning to receive some of the attention previously devoted almost exclusively to the problem of nuclear-arms control. While concern for the reduction and ultimate elimination of nuclear weapons is understandable, it is important that we not lose sight of the threat to international security posed by the global spread of so-called conventional weapons. Indiscriminate arms transfers are having a detrimental impact on the security of individual nations, on international peace and security, and on regional stability. Consider, if you will, these troubling facts about the consequences of the continuing proliferation of conventional arms and weapons production technology.

- Since the 1980s, over 30 conflicts employing conventional weapons have been fought all over the globe or are continuing to be fought.
- Three quarters of the arms that changed hands internationally in 1987 were bought by nations of the developing

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Vincent F. Decain is Deputy Assistant Director of the United States Arms Control and Disarmament Agency, Washington, D.C., United States.

world, and an increasing percentage of these weapons are being sold by newly industrializing countries.

- Military spending among the less developed countries totalled over $170 billion. In much of the developing world, military expenditures are almost four times the investment for health care and twice that in education.
- The eight-year conflict between the Islamic Republic of Iran and Iraq alone has been estimated to have absorbed some $60 billion worth of conventional arms and has resulted, according to some estimates, in over three million casualties (killed or wounded) and as many as a million and a half refugees.

There may be no more pressing need and no better opportunity to apply the same sense of urgency and diligence which has begun to bear fruit in the areas of strategic arms control and nuclear non-proliferation to a solution of the underlying causes for the continued proliferation of conventional weapons.

Although the United States is a major supplier of defence equipment and services, we are prepared to support meaningful proposals for controlling the international commerce in conventional weapons. We strongly endorse the United Nations Secretary-General's appeal for greater restraint on the part of arms-exporting countries in the supply of weapons to developing countries beyond what is needed for their security from likely aggression. United States policy has long reflected many of the elements embodied in the recent General Assembly resolution on arms transfers: reinforced national controls on the production and transport of arms; the need for greater restraint on the part of recipient States in the acquisition of arms in excess of legitimate national security requirements; and more openness and transparency with regard to arms transfers.

At the same time, we do make the critical distinction between *stabilizing* and *destabilizing* arms transfers. Arms transfers which meet the legitimate national security requirements of the recipient in ways which do not contribute to the buildup of tension or the eruption of conflcit between neighbouring States contribute to stability. Arms transfers which we consider to be destabilizing exceed reasonable self-defence needs, permit offensive power projection,

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stimulate arms races and tend to heighten regional tension and conflict.

It is our belief that arms transfers, judiciously applied, can contribute to international peace and security. As such, our arms transfer policy is an integral part of an overall strategy of international arms restraints which includes: United States and Soviet efforts to reduce nuclear weapons; multilateral efforts to control transfers which could help others to build long-range delivery systems and weapons of mass destruction; and our efforts to bring countries together to develop confidence-building measures for reducing regional tension and conflict.

United States arms transfer policy seeks to maintain an effective balance between supporting the legitimate defence and security needs of our allies and friends, on the one hand, and the need to dampen the international demand for increasingly sophisticated and expensive conventional weapons, particularly in regions of tension and conflict, on the other.

In that spirit and towards that end, on the multilateral level, the United States joined with other advanced technology supplying nations to organize and implement controls on the transfer of chemical precursors and biological warfare agents as well as on the spread of missile delivery systems and related technology. These voluntary supplier restraints – implemented under the Australian group and the Missile Technology Control Régime – are not directed against any particular country or group of countries. They are directed against the dangerous proliferation of weapons of mass destruction. Such multilateral co-operation is an essential first step in gaining the consensus of the international community to halt the further spread of these destabilizing weapons systems.

At the bilateral level, we have sought to work closely with other advanced supplier nations to promote voluntary restraints on conventional arms transfers, particularly to areas of tension and conflict. In this regard, we have been heartened by the Soviet Union's statements concerning our mutual interest in curbing the proliferation of destabilizing weapons. Arms proliferation and regional stability have become recurring topics for bilateral discussions at the ministerial and summit levels.

While the United States attempts to practice restraint and urges other arms supplier nations to exercise prudence in their pursuit of the international arms trade, it is equally important that recipient nations accept their share of responsibility for the fierce competition for arms sales. This is, after all, a problem which has demand-side as well as supply-side dimensions. We hope that efforts—including the United Nations study being carried out by a group of experts—will focus adequate attention on both sides of the arms transfer equation and on the need for a realistic solution.

A Soviet Perspective

Andrey Kozyrev

The very fact that the question of restraint in international arms transfers is being raised is of extreme importance. In my opinion, today the urgent character of the problem of the arms trade is becoming especially evident. The scale and qualitative parameters of international arms transfers contrast with the ongoing process of improving the international situation, building greater trust and moving towards a real disarmament.

The Soviet-United States Treaty on the elimination of intermediate- and shorter-range missiles (INF Treaty) is now being implemented. The forthcoming Gorbachev-Bush summit, set for 30 May-3 June in Washington, can and should lead to new and extremely important agreements. The Soviet Union is ready to work actively together with the United States in order to find, by the time of the summit, satisfactory solutions to the still outstanding issues related to a 50 per cent reduction in strategic offensive arms. We are hopeful that there will be forward movement in drafting an agreement on conventional armed forces in Europe. Much progress has been made in co-ordinating the actions of the Soviet Union and the United States towards achieving the prohibition and elimination of chemical weapons. Active work is under way to prepare for the signing of protocols to the 1974 and 1976 threshold Treaties on nuclear explosions.

The multilateral disarmament process is also moving steadily forward at the negotiations on chemical weapons within the Geneva Conference on Disarmament, at the Vienna talks of the 23 and 35 European States, as well as the United States and Canada, and at the Open Skies conference in Ottawa and Budapest.

It is very important that no "blank spots" remain on "the geographic map" of disarmament, and that measures to limit the arms trade be accorded their proper place on the international disarmament agenda.

Andrey Kozyrev is Chief of the International Organizations Directorate of the Ministry of Foreign Affairs, USSR.

It is necessary also because now, as never before, the problem of non-proliferation has acquired urgency in three areas: nuclear arms, chemical weapons and missile technology. The buildup in conventional arms is ever more frequently cited in the context of these issues, and, by its very nature, this problem cements the link between various aspects of non-proliferation. Thus, systems which can be used for delivering weapons of mass destruction, such as missiles, add to the threat of the proliferation of nuclear and chemical weapons.Hence the need to "localize" the spread of these systems by consolidating their non-proliferation régimes, and here as well there seems to be no simple solution. For example, let us take missiles and missile technologies. It is clear that, on the one hand, there must be no infringement upon the legitimate interests of States concerning peaceful access to space, while, on the other hand, the export guidelines and parameters of the existing régime for missiles must be complied with.

The spread of conventional arms, especially of the most dangerous types, is becoming an impediment to reductions in military arsenals, at both the regional and global level. Serving as a channel for the proliferation of the arms race, international arms transfers destabilize the situation and make regional conflicts ever more murderous and destructive. It would be no exaggeration to say that the arms trade today has assumed a competitive aspect and is virtually out of control. This inevitably erodes trust among nations and reduces the predictability of world politics.

It is sometimes argued that, in order to stop the arms race, it is necessary to eliminate the causes of the regional conflicts in question. Others say that, as long as the arms race continues, the conflicts will continue. I think the solution would probably involve a dual approach: curtailment of the arms race in parallel with efforts towards a peaceful settlement that would eliminate the causes of conflict. This is particularly relevant today, as States become more determined to lessen tension by political means based on the principle of the freedom of choice and on a collective search for a balance of interest among all the parties concerned.

Finally, arms procurement diverts resources from social and economic development programmes, thereby placing additional strains on the economies of many developing countries, generating new external debt and exacerbating the crisis in world economic relations. As emphasized in the Final Document of the 1987 International Conference on the Relationship between Disarmament and Development, while arms exports come mainly from a few developed countries, most arms are imported by developing nations. The adverse consequences of such trade for development far exceed the recipients' security benefits and the suppliers' immediate gains from transactions.

It appears that the time has come for concrete international actions to regulate world arms transfers with a view to limiting and progressively reducing them.

This, of course, is a problem of immense proportions that hardly lends itself to swift solutions, just like any other disarmament problem that really affects the national security and interests of States. Keeping in mind the ultimate goal of general and complete disarmament, we should focus our attention today on realistic step-by-step measures that could contribute in one way or another to the task of curtailing military arsenals and scaling down the arms trade.

It would also be fair to say in this context that the need for realism must not make our search any less persistent. Persistence has been vindicated on several occasions in the recent past. One may remember that only five years ago the feasibility of achieving a zero option on intermediate- and shorter-range missiles or of making the military forces of the Warsaw Treaty and the North Atlantic Treaty Organization (NATO) in Europe structurally incapable of launching a surprise attack was viewed as very nearly nil by the tremendous majority of politicians. Yet, today we are thinking in the entirely different categories of trust, collective security without blocs, and a common European home. So the limits of the possible are determined to a large extent by the parties themselves in the dialogue and by the degree of their commitment to achieving results.

The legal history of international efforts to limit arms transfers goes far back into the past. Suffice it to recall the 1890 Brussels Act or the Geneva Convention on the monitoring of international trade in arms, munitions and military materials, signed in 1925 under the auspices of the League of Nations.

A major milestone was the 1978 first special session of the United Nations General Assembly devoted to disarmament, which called unanimously for consultations among the States that are the main suppliers and recipients of arms, as well as for negotiations on limiting all types of international trade in conventional arms, based on the principle of undiminished security of the parties concerned, taking into account the needs of recipient nations to protect their security, and with a view to encouraging or increasing stability at lower levels of armament. That forum was the first one to reach an international consensus in the modern context on universally accepted elements of a solution to the problem of curtailing the arms trade – a consensus that appears to have retained its value to this day.

As you will recall, the years 1977 and 1978 were the period of Soviet-United States negotiations on limiting conventional arms sales and transfers. The negotiators sought agreement on the political, legal, military and technological criteria of admissible and inadmissible arms transfers as well as on aspects having to do with the listing of alternative suppliers and possibilities of introducing additional limitations for individual regions. The talks made it possible to outline potential approaches to this issue, but for well-known reasons they were later suspended.

A number of substantive proposals were also advanced by the Club of Rome, an authoritative non-governmental organization which regards scaling down arms transfers as a major task in building a safer future for human civilization.

The United Nations, too, has repeatedly addressed problems of the international arms trade; resolutions have been adopted by the Security Council banning arms shipments to Southern Rhodesia and South Africa. In recent years, the United Nations has dramatically sharpened its focus on these problems. The arms trade was the subject of lively discussion in the General Assembly at its third special session devoted to disarmament and at its forty-third and forty-fourth regular sessions. The Organization has passed a number of resolutions on this matter, and some Member States have communicated to the Secretary-General their views on the problem.

What are the practical ways of coming to grips with the problem under discussion? In most general terms, it may be assumed that the limitation of international transfers of conventional arms should be dealt with in accordance with the principle of reasonable defence sufficiency instead of overarmament, and should apply to the proliferation of the most destructive means of warfare.

Among global measures that may be taken, I regard as promising the idea put forward by Italy of setting up a United Nations body to monitor trends in the world arms trade and to develop a code of conduct for arms exporters and importers.

The Soviet Union has on several occasions confirmed its willingness to resume bilateral negotiations with the United States on the limitation of conventional arms sales and transfers and to enter into dialogue with other countries that export and import arms.

Ways to limit international flows of armaments should also be sought at a regional level. It goes without saying that such efforts should respect each nation's inalienable right to defend itself and take into account the particular characteristics of each region involved. In this connection, it is necessary to stress the importance of initiatives for regional conventional disarmament, which should be part and parcel of the new model of global security. I cannot help welcoming the growing attention being paid to this problem by the United Natons and its adoption by consensus of a series of resolutions in support of regional approaches to disarmament.

It might also be useful to seek mutual understanding regarding specific procedures for unilateral and reciprocal restraint, to be exercised by arms exporters and importers with respect to certain areas of conflict with a view to fostering political settlements. There are real opportunities for reaching such understandings at this time.

A huge and excessive military potential has been amassed in the Middle East. The traditional notion that more armaments mean more security still prevails in the region. We have to press for a curtailment of the arms race there while promoting concurrently the process of peaceful settlement.

Establishing a regional war risk reduction centre in the Middle East could be a way of achieving that goal. Such a centre could, for instance, operate a data bank on armed force deployments and major movements and on the development, importation and movement of destabilizing types of weapons within the region;

monitor the setting up of zones with a lower density of armaments (thinned-out zones) or demilitarized zones; and assist in elaborating other proposals for confidence- and security-building measures.

In Afghanistan, it would be desirable to achieve an international consensus on completely stopping all arms deliveries of whatever origin to the warring sides while simultaneously declaring a pause in the hostilities or halting them. Furthermore, it would be worthwhile to study the possibility of removing all the existing stockpiles of weapons from Afghan territory and of preventing more arms from reaching that country in the future.

The proposal to declare a moratorium on military aid to all sides in Kampuchea as part of a comprehensive settlement package is on the international agenda.

Central America is another example. The Soviet Union has long since stopped sending arms to that region. We in the Soviet Union share the positive view of the outcome of the recent free elections in Nicaragua and of the major new steps being taken to bring down the level of military confrontation in the region, including the Montelimar Document. Of great importance is the agreement reached between the presidents of five Central American States on working out a schedule for negotiations on issues of security, verification, control over and reduction of armaments in the region. The Soviet Union is willing to assist in preparing and implementing possible agreements to that effect, so that Central American States, like States in other regions, would keep their arms and armed forces at the lowest levels consistent with their need for self-defence.

Obviously, in looking for ways to limit the international arms trade, one should not lose sight of another fundamental factor: the marked growth over recent years in the number of arms-exporting countries. Whereas in the past we may have been talking in terms of five to ten major arms producers, today, according to data from the Stockholm International Peace Research Institute (SIPRI), that number has risen to nearly forty. Along with developed States, that figure includes countries which only recently were in the category of developing nations. For measures limiting the arms trade to be effective, they will probably have to be international in scope and involve the participation and co-operation of a large number of members of the world community.

We can understand the concern of many States, particularly the smaller ones, over the existing black market in arms. Lately, a growing number of voices have been raised in favour of pooling the efforts of Governments in fighting the illegal traffic in and deliveries of conventional arms. This is all the more appropriate since arms of most varied origins, which are now illegally circulating everywhere, may constitute a destabilizing factor for entire countries and regions, particularly when they fall into the hands of terrorists or drug cartels. It was natural that the United Nations would give its attention to this problem and urge States to strengthen their control systems for monitoring arms production and transit through their territories.

In the Soviet Union both the production and export of arms are the prerogative of the Government. Attempts by anyone else to produce or sell arms are prosecuted under the law.

Guaranteed openness in this area, which would make it possible to disclose the real situation, eliminate many concerns and see more clearly the prospects for international dialogue, may and should facilitate effective measures to limit arms supplies. Naturally, the adoption of the principles of openness and transparency in these matters will be impossible without wider publication of relevant data by every State.That is realized quite clearly in the Soviet Union and that is why we have stated our willingness to participate, within the United Nations, in the joint elaboration of parameters for an arms sales and supplies register.

It is important to welcome and support in every possible way the active involvement of the United Nations in limiting the world traffic in arms. As the co-ordinator of efforts by individual States, the United Nations should, as it does on other vital issues of world security, become a catalyst in the negotiating process, encourage the elaboration of generally acceptable principles of, and approaches to, cutting down military supplies, and ensure that all unilateral, regional and global actions are mutually complementary.

The United Nations is capable of greatly increasing, in the very near future, the potential for confidence and openness in this area. At this moment, a group of governmental experts established under the auspices of the Secretary-General is preparing a study of the ways to promote transparency in international supplies of conventional arms.

It might be worthwhile considering the possibility of States' submitting data to the United Nations on the main typss of weapons they supply. It would probably be useful if Member States published annually information on the size and country-by-country distribution of their exports of armaments, military equipment, assistance and services.

Of course, the problem of limiting world traffic in arms is complex and multidimensional. The search for international consensus in this area does not yet seem to have reached an advanced stage and has thus far yielded more questions than answers. Nevertheless, joint, ideology-free efforts on the part of States may lead to a constructive balance of interests, thus adding to the stability of the international situation and promoting disarmament on a global scale.

Restraint As a Factor in Resolving Regional Conflicts

Oluyemi Adeniji

The evolving change in the relationship between the United States and the Soviet Union from one of armed confrontation to friendly co-existence has aroused hopes in many areas of international relations. The United States-Soviet Treaty on the elimination of intermediate- and shorter-range missiles (INF Treaty) is seen as a long delayed, but nevertheless most welcome, opening salvo of a disarmament process which will involve both nuclear and conventional weapons. It is hoped that the negotiations on strategic arms reduction (START) and on conventional forces in Europe will, after their conclusion, be quickly followed by more broad based negotiations involving all nuclear-weapon States and all major conventional arms producers. The beginning of the end of the cold war, which is perceptible in the dramatic improvement in relations between the super-Powers and especially in the breath-taking events of the past year, should facilitate the withering away of the alliance structure and the installation of a system of global security that will protect all countries, big and small, without the necessity of overarmament.

It is already evident that improvement in super-Power relations has been beneficial in efforts to resolve some regional problems in the third world. Of the 33 major armed conflicts being waged at the beginning of 1988, five were no longer "militarily active" by the end of the year: namely, Iran-Iraq, Ethiopia-Somalia, Chad-Libya, Angola, and Namibia.[1] Theoretically, therefore, 1988 saw a break in the pattern of constant increase in the number of major conflicts. The new trend continued to some extent in 1989 with the Soviet troop withdrawal from Afghanistan, the withdrawal of Vietnamese troops from Kampuchea, the reduced level of violence in Central America, particularly in Nicaragua, and the independence of Namibia.

Oluyemi Adeniji is Ambassador of Nigeria to France.

Third world crisis centres

Notwithstanding the encouraging picture, the overall security situation in the developing parts of the globe remains one of instability caused by persistent crisis. Even in some of the cases where conflicts have ceased, lasting solutions have not been found and continued arms transfers make resumption of open conflicts always possible.

The Middle East is as explosive as ever, with an arms race that is assuming alarming proportions and with increased violence arising out of the failure to find a political solution. The Gulf area has been spared the daily agony it suffered during the most destructive war between two developing countries; however, the process of militarization under an uncertain peace continues. The massive transfer of arms to the Middle East region, including the Gulf area, accounts for about 46 per cent of the total to the third world. In South Asia, the crisis in Afghanistan persists notwithstanding the withdrawal of Soviet troops, while there has developed serious heightened tension between India and Pakistan over Kashmir. The aftermath of the conflict in Kampuchea and the subsequent arms buildup in the region have pushed arms transfers to South-East Asia to 22 per cent of third world acquisition, a sharp increase from the 12 per cent of only five years ago.

In Africa, though Namibia's independence has finally terminated the liberation struggle, southern Africa has not yet found peace. Arms are still being poured into Angola, with consequent resumption of the conflict between the Government and the National Union for the Total Independence of Angola (UNITA). The struggle against the *apartheid* system is about to enter a new phase. Though President de Klerk has shown signs of a desire to encourage a peaceful solution, all the elements of the system remain and the oppressed people cannot, therefore, lay down their arms as yet. The Horn of Africa has again been the scene of human tragedy, with the resumption of the war in the provinces of Eritrea and Tigre in Ethiopia and the prospect of mass starvation. These examples are by no means exhaustive.

Cold war and third world conflicts

No single cause can be ascribed to regional conflicts, which range from the civil wars that have afflicted many countries to border problems, to the deep rooted Arab-israeli conflict in the Middle East, and to the struggle against colonialism, racism and *apartheid* in southern Africa. However, of the 170 wars that have occurred since 1945, the cold war has been identified as the single most constant factor. The post-war politico-ideological division of Europe and the creation of the North Atlantic Treaty Organization (NATO) and the Warsaw Treaty alliance system became the dominant factor in international relations. The strategy of containment and the widening of the influence of one alliance at the expense of the other have no doubt played a major role in the destabilization of the third world, sometimes instigating and mostly complicating local factors that are likely to induce armed conflicts. Just as the arms race became the central element of the cold war, arms transfers became a vital instrument of the extension of the politico-strategic influence of each alliance to the third world. The origin of the arms race is to be traced to Europe; however, conflicts in other regions have provided the testing ground and even the sustenance for the production of conventional weapons.

Growth of the arms market

The present uncontrollable nature of arms transfers is a logical outgrowth of super-Power arms transfers. Starting in the 1970s, the arms market became progressively larger. Many of the producers had to export weapons for economic and financial reasons. The increase in the price of oil facilitated huge arms purchases by the oil exporters and easy credit for non-oil producers to purchase weapons. The arms trade became an instrument for the recycling of petro-dollars and for the balance of trade of weapons producers. Commercial interests became linked to and often superseded politico-strategic considerations. Added to these factors was the later development of new forms of arms transfers, such as production under licence and technology transfers, which have made some third world countries not only producers, but also exporters. Arms industries and the possible proliferation of missile technology, which is now causing concern, are the outgrowth in part of attempts by some third world countries to reduce dependence on suppliers and, if possible, to cut costs through establishing economy of scale in their exports. This concern should not, however, divert attention from the fact that arms transfer is still essentially a North-South traffic, and that the South-South element is still insignificant, accounting for about 5 per cent of total third world purchases.[2] An approach to regulation similar to that embodied in the non-proliferation Treaty will not work, as it will give rise to the same problems.

The reduction in tension between the super-Powers creates a great opportunity for removing the link between arms transfers and their foreign policy objectives in the third world. It can be said, however, that for the time being their arms transfer policies have not been modified as current détente would indicate. The USSR and the United States have to take the lead in any serious international effort to restrain arms transfers, as they account for 66 per cent of the arms trade. They will have to take the lead in the quantitative and qualitative reduction of arms transfers as a contribution to the peaceful solution of problems. They will need especially to resist the temptation to permit the transfer of arms made surplus as a result of disarmament agreements to areas of regional conflict in particular, and to the third world in general. Similarly, the economic motivation of other major arms producers to export will have to be combatted.

Obviously, restraint in arms transfers will help to reduce conflicts, national or regional, in the third world. First, by encouraging dialogue either nationally or regionally, it will lessen the dependence and foreign interference which arms supply often implies. Secondly, less arms importation into a region will reduce distrust and competitive acquisition. Thirdly, by reducing the expenditure on arms and devoting more resources to the economic and social spheres, national security will be enhanced and greater stability will be promoted. The debt burden, which is the dominant element of the economic crisis of many developing countries, is partly due to past arms acquisition. It accounts for between 15-20 per cent of the debt. However, since arms purchases contribute nothing to national ability to repay credits, its share of the debt burden weighs more than the statistical percentage. Fourthly, a non-military, competitive environment will be conducive to regional economic co-operation, which is an effective form of confidence-building. The lower level of arms purchase by many third world countries, resulting from sheer financial constraint, is an indication that arms acquisition could have been rationalized without threatening the security of the States concerned. If the politico-strategic interests of suppliers were also to decline, regional initiatives for transparency in arms acquisition would be greatly facilitated. Fifthly, arms transfer restraint will reduce the risk of escalation of third world conflicts.

Restraint can only *contribute* to the solution of regional conflicts. If the causes of conflicts are not addressed and resolved, those who feel aggrieved will always find ways of acquiring weapons in a world in which the sources of supply are so varied. Therefore, arms transfer limitation should be conceived in the context of a global process of disarmament, peaceful resolution of conflicts, efforts to eliminate such glaring causes of conflict as denial of the right of self-determination, racism and *apartheid* and the economic exclusion of a great part of humanity from the mainstream of the world economy.

It should be pointed out that if major arms producers continue with research and development as well as production, they will promote acquisition by others. They have to start early the process of conversion of arms production facilities and the retraining of personnel to civilian production so as to promote the process of conventional disarmament negotiations. This will reduce the pressure to export arms for economic reasons and promote alternative sources of commercial exchange.

Global security implies also global efforts to solve non-military threats to security. As is usual, these factors are assigned priorities in accordance with the convenience of the developed countries, for example, environment and drugs. Important as these issues are, attention should not be focused on them at the expense of the basic question of development. The peace dividend expected from greatly reduced expenditure on armaments should be perceived in more than purely national terms. It should also be seen as providing additional resources for meeting the essential needs that will contribute to global security.

Notes

1. SIPRI, ed. World Armaments and Disarmament, *SIPRI Yearbook 1989* (London, Taylor and Francis, 1989).

2. *Ibid*., p.198.

National Legislation on the Export of Armaments

Cecilia Corsi

This paper is intended to offer a comparative approach to the regulations in force in the major exporting countries, with particular reference to the problem of national controls over the end-user in order to limit illegal transfers of armaments. Attention is further paid to the question of possible ties and controls to be established over the action of Governments.

States vary in the normative stress they lay on the export of armaments; in some of them it is a constitutional matter, in several others it is regulated only by legislative acts, while in others it is left to the sole discretion of the Executive.

In countries where it has constitutional significance, the fundamental law requires the matter to be regulated by specific statutes and requires that arms transfers be authorized. According to paragraph two of article 26 of the Fundamental Law of the Federal Republic Germany, "weapons designed for warfare may be manufactured, transported or marketed only with the permission of the Federal Government. Details shall be regulated by a federal law". In Switzerland, article 41 of the Constitution, after stipulating that arms transfers are allowed only under authorization, states that federal legislation is to be enacted on the subject. The Brazilian Constitution reserves to the Union the authorization and supervision of the production and trade of war materials as well as legislation on foreign and inter-state commerce. Whereas in the Federal Republic of Germany[1] and in Switzerland[2] *ad hoc* statutes have been issued, in Brazil specific legislation concerning arms transfers does not yet exist; the subject is still regulated by infra-legal provisions (*Decreto* n. 55649 of 28 January 1965).[3]

Even in the absence of a constitutional provision, several countries regulate armaments sales by specific legislative acts which

Cecilia Corsi is with the Department of Public Law, University of Florence, Italy.

distinguish this trade from trade in all other goods; thus in France,[4] Sweden[5], Canada[6] and the United States,[7] there are statutes governing arms transfers.

Other countries lack specific statutes, even when they are among the major arms exporters. For example, in the United Kingdom,[8] the subject is regulated by general provisions regarding foreign trade. In certain countries, despite the absence of a specific law, regulations are set out by ministerial orders. For example, in Italy, a legislative act on the sale of armaments does not yet exist; however, the subject is governed by ministerial decrees (*Decreto ministeriale* of 4 December 1986, *Decreto ministeriale* n. 444 of 19 October 1987 and *Decreto ministeriale* of 18 June 1988).[9] Likewise in Spain, foreign trade in articles relating to defence is regulated by a royal decree (*Real decreto* n. 480/1988 of 25 March 1988).

Finally, there are countries where there is no legislation on the subject. For example, in the Soviet Union, armaments trade is regulated only by political directives, and in practice the armaments industry itself takes the decisions about the export of armaments. Now there appears to be a bill on defence under discussion, which, among other things, should regulate international arms transfers.

Legislation generally conforms to the same model: export of armaments is prohibited except when an authorization is given for a specific deal.

In the countries where trade is regulated only by ministerial decrees, the choice of the standards to which the appropriate authorities have to conform in issuing licences to export is obviously left to the discretion of the Executive. As regards countries which have a specific law, a distinction can be made. Whereas the statutes of some countries entrust to the authorities the control of the export of armaments without stating any standards to which the latter have to conform in issuing licences, in other countries legislative acts delineate some standards, even if in quite general terms.

For example, the third paragraph of article 6 of the law of the Federal Republic of Germany sets out that the Federal Government shall not issue any authorization if there is danger that arms may be used for an activity which tends to disturb peace or for aggressive war, and if the issue of the authorization may violate obligations undertaken in accordance with international law.[10]

Likewise, articles 5 and 10 of Swiss law state that no authorization shall be issued by governmental authorities if the export hinders national interests or infringes international agreements. Moreover, according to the second paragraph of article 11, no authorization shall be issued if weapons are to be directed to places where armed conflicts have broken out or are about to break out, and if the supply of arms to a certain country can compromise the efforts made by Switzerland in international relations regarding respect for human dignity, humanitarian help, and assistance for development.

The United States legislation is quite detailed. First of all, the International Security Assistance and Arms Export Control Act (AECA) itemizes policy objectives of Congress (22 U.S.C. sect. 2751),[11] then 22 U.S.C. sect. 2753 instructs the President not to approve any sale unless four conditions are satisfied: (a) the sale strengthens the security of the United States and promotes world peace; (b) the recipient country or international organization agrees not to transfer the arms to a third country without prior approval of the President; (c) the recipient country or international organization agrees to maintain the security of the arms and (d) the recipient country or international organization is otherwise eligible to purchase defence items. Moreover, 22 U.S.C. sect. 2754 sets forth the purposes for which military sales by the United States Government may be authorized, and 22 U.S.C. sect. 2755 provides that no country is eligible for armaments sales if it prevents citizens of the United States from participating in the furnishing of defence-articles or services because of the person's race, religion, national origin or sex. The Act puts particular prohibitions on exports of weapons to States supporting terrorism, and finally it provides for some restraints on sales to less developed countries (22 U.S.C. sect. 2755).

Swedish law does not indicate particular standards to which government authorities have to conform in deciding on licences for exports of weapons, but guidelines have been laid down by the Parliament. Though not binding, they constitute the framework for all export licence decisions. According to these guidelines, export authorizations may be issued only if the proposed deal is not in violation of any international agreement, resolution of the United Nations Security Council, or statutes of international law. In addition "exports cannot be granted to (a) States engaged in armed conflicts with other States, regardless of whether or not war has been officially declared; (b) States involved in international conflicts that may lead to armed conflicts; (c) States in which internal armed disturbances are taking place; and (d) States that, as a result of declared intentions or of current political conditions, can be expected to employ Swedish weapons to suppress human rights."[12]

As regards the procedural aspect, generally several authorities take part in the proceedings relating to the issue of an authorization. In some States special committees have been set up with consultative tasks, and they give assistance to the appropriate authorities at the stage of the examination of applications for licences.[13] Moreover, in many cases legislation requires a double authorization to permit the export of articles relating to defence. For example in France, according to article 12 of *Décret-loi* of 18 April 1939, *«Il ne devra être accepté aucune commande en vue de l'exportation...sans agrément préalable»;* a further authorization is necessary to begin an export proceeding. In Italy it is necessary to obtain the authorization of the Minister of Defence for entering into negotiations, whereas the authorization to export is issued by the Minister of Foreign Trade in conjunction with the Minister of Finance. A double authorization is required also by Swiss law.

In most countries no kind of specific control of armaments sales by Parliament is provided for by law. Moreover, statutes focus on commercial sales, whereby private contractors sell directly to foreign purchasers, but arms exports made directly by Governments are in most cases left to the discretion of the Executive. Statutes do not state the procedures to be followed and no kind of specific control of the conduct of Governments is provided for by law.

An exception is made in United States legislation,[14] which distinguishes between commercial sales, whereby private contractors sell directly to foreign purchasers, and defence-article sales made by the Government. AECA regulates in detail the latter, and provides Congress with control over both types of sales; in fact, AECA grants Congress a number of controls over the Executive's foreign military sales agreements and export licences. In some cases, the President is required to report to Congress in order to give advance notice of a potential sale, so that Congress can express its views on the propriety of the sale or even block it (22 U.S.C. sect. 2776). There are three principal reporting requirements designed to provide Congress with some degree of control over defence-articles sales: (a) quarterly reports, (b) special reports on certain sales in excess of certain amounts of money, and (c) commercial sales reports.[15] Obviously the President and Congress concern themselves only with the broadest policy questions of foreign military sales, while the Department of Defense and the Department of State handle all the other ones; regulations delineate the role of executive agencies and set forth a detailed procedure.

Exporting countries have to cope with the problem of subsequent transfers of arms to countries to which they would not authorize transfers. In fact, one of the major questions concerning defence-articles sales is that of the control of the final destination of exported arms.

There are two main systems to ensure such control. First, arms sales agreements often contain a clause under which an importer undertakes not to transfer to any person or to any other Government the possession of any articles received without the prior consent of the Government of the exporting country and, moreover, undertakes not to use purchased articles for any purpose other than those for which they were delivered. Often an exporting company is required to enclose with its application for a licence an "end-use certificate", issued by the purchaser, which must guarantee that the same items will not be re-transferred in any form to a third party without the prior consent of the supplying State.

Secondly, to ensure that no unauthorized shipment is made, several countries have agreed to an "import-certificate/delivery procedure",[16] which guards against the diversion or re-export of certain commodities to another destination except in accordance with the export-control regulations of the importing country. An "international import certificate" may be required for the approval of proposed exports of weapons to non-governmental buyers in countries which are parties to those agreements. The international import certificate consists of a declaration made by the importer and authenticated by the competent authorities of his country, by which the recipient undertakes not to divert, trans-ship or re-export the goods to another destination except with a licence issued by the competent authorities of the importing country, and states that proof of their importation will be shown on request. Moreover, after the goods have been consigned to the recipient, the supplier is required to send to the authorities of his own country a "delivery verification certificate", issued by the competent authorities of the importing country and attesting to the arrival of defence articles. By the system of the international import certificate, the control of the final use of goods falls to the importing State.

In some countries clauses of non-re-exportation are generally included in arms sales contracts. For example, in the United Kingdom, the Export of Goods (Control) Order, 1987, does not provide specific regulations for the control of the final destination of exported articles. However, licence application forms require precise information about the purchaser and the end-use of the exported weapons: if the consignee is an overseas government department, the exporter shall enclose with the licence application a copy of the official order; when, on the contrary, the consignee is a non-governmental organization, an international import certificate will be necessary if the country of destination is a member of the Co-ordinating Committee for East-West Trade Policy (COCOM). For other destinations, the exporter must obtain an undertaking by overseas customers on an end-use statement.

Likewise, French legislation does not require that a contract contain an end-use clause, but such a provision is always satisfied in practice;[17] in Sweden, also, the legislation does not specifically refer to end-use certificates, but in practice they are requested in most export authorizations. In addition, in a 1988 report, the Government stated that "violation of Swedish non-reexport regulations would affect future arms deliveries to the country in question".[12]

In Italy, *Decreto ministeriale* of 4 December 1986 requires that an international import certificate or an end-use certificate be enclosed with an application for an export licence; article 4 of the same decree provides that the examination of the application should include examination of the concrete possibilities of utilization of the articles by the purchaser.

In the Federal Republic of Germany and in Spain, an end-use certificate has to be enclosed with an application for an export licence.[18]

United States legislation deals with this question in detail. As regards foreign military sales, AECA stipulates that a recipient country or international organization has to agree to certain restrictions on transfers: "not to transfer titles to, or possession of any defense article[s] ... to anyone not an officer, employee, or agent of that country or international organization ... and not to use or permit the use of such article[s] ... for purposes other than those for which furnished unless the consent of the President has first been obtained" (22 U.S.C. sect. 2753 (a) 2). In addition, a country can lose its eligibility to purchase defence articles if it uses defence articles furnished under AECA in substantial violation (either in terms of quantity or in terms of the gravity of the consequences, regardless of the quantities involved) of any agreement entered into in pursuance of AECA and for a purpose not authorized under the Act or the agreement itself. The President is required to report to Congress promptly if he receives information of any such violation (22 U.S.C. sect. 2753 (c)). As regards commercial sales, the International Traffic in Arms Regulations (ITAR) provide that the licence application must identify the country of ultimate destination and that defence articles may be transferred to a third country only with the prior written approval of the State Department.[19]

Moreover, an application for a licence to export "significant military equipment" must be accompanied by a non-transfer and end-use certificate. If goods are destined for non-governmental entities in a country which has agreed to an import-certificate/delivery verification procedure, the United States exporter must also provide an international import certificate authenticated by the importing country (C.F.R.123.14).

Under Swiss law (article 11 of *Legge federale sul materiale bellico* of 30 June 1972), authorization to export may be issued only if defence articles are supplied to a foreign Government or to a company authorized by the latter to manufacture, and if this Government certifies that the articles will be used for the defence of the country and that they will not be re-exported. Moreover, the supplier is under an obligation, if so requested, to produce a delivery certificate.

In Brazil the third paragraph of article 137 of *Decreto* n. 5649 of 28 January 1965 requests that, if possible, applications must be accompanied by a certificate stating that the goods will be produced and used in the importing country. This certificate has to be authenticated by the competent Brazilian consular authorities.[20]

Moreover, in most cases, legislation provides for controls for verifying that goods have reached the destination authorized by a licence. Generally such controls are administered by customs officials. For example, in the United Kingdom, commissioners of customs may require proof from any exporter that goods have reached "a destination to which they were authorized to be exported by a licence".[21] Likewise, the Swiss statute assigns the control of importation and exportation at borders to the customs, and entrusts to the Central Office of the Public Prosecutor of the Confederation the task of ensuring that goods have reached the authorized destination. In the Federal Republic of Germany, the Minister of Finance and commissioners of customs are instructed to control the transit of weapons. In Sweden advance information on the operation of armaments exports must be given to the officials of customs.

Spanish legislation provides that the commissioners of customs have to deliver both to the *Dirección General de Armamento y Material de Ministerio de Defensa* and to the *Dirección General de Comercio Exterior del Ministerio de Economia y Hacienda*, within twenty-four hours, copies of the shipments of weapons carried out. Moreover, the *Junta Interministerial Reguladora del Comercio Exterior de Material de Defensa y Productos y Tecnologias de Doble Uso* may request documentation certifying that weapons have reached the country to which they were authorized. Such documentation consists of a verification certificate of entry.

The ITAR requires, first of all, that applications for export licences must state the proposed port of exit from the United States and, if applicable, the port of entry as well. Then it requires that before shipping the defence articles, exporters must deposit the licence with the district director of customs at the port of exit; in addition they must file a shipper's export declaration, which, after authentication by the district director, will be returned to the Office of Munitions Control. The licence deposited with the customs must be endorsed by the district director and it will be returned to the Office of

Munitions Control upon the completion of the authorized export or upon the expiration date stated on the licences.[22]

In this connection, French provisions are very precise. As regards controls to be carried out at the moment of shipment of goods, the first and second paragraphs of article 12 of *Arrêté* of 12 March 1973 provide that *«L'arrivée au pays de destination et la mise à la consommation des matériels, armes et munitions sont garanties par an acquit à caution délivré conformément au code des douanes. Ledit acquit ne peut être déchargé que sur présentation d'un document délivré par les services des douanes du pays importateur etablissant que les matériels, armes et munitions exportés sont arrivés au pays désigné sur l'acquit et y ont été déclarés pour la consommation»*.[23] According to this article, exporters have to make a deposit before shipping weapons and they will get the money back only by producing a certificate from the commissioners of customs of the importing country proving that the goods have reached the authorized destination.

In Italy, it is required that within 180 days from the expiration of the export licence, the exporter shall supply the Minister of Foreign Trade with documents certifying the receipt of goods by the importer.[24] It is moreover requested that these documents be authenticated by Italian consular authorities accredited to the importing country.

As already mentioned for the transactions among countries which have agreed to an import-certificate/delivery procedure, exporters are required to supply the authorities of their country with a delivery verification certificate granted by the competent authorities of the importing country.

Although most legislation tries to set forth detailed procedures to verify the final destination of exported armaments, it is often difficult to carry out effective controls after goods have left the exporting country, and it is equally difficult to avoid subsequent re-exports.

In this connection, the legislation of some States requires consular authorities to certify the authenticity of documents coming from importing countries. For example, in Italy, as mentioned above, regulations require that both the end-use certificate and the documents, attesting the receipt of goods by the importer, must be authenticated by the Italian consular representatives accredited to the importing country. Likewise, in Spain the end-use certificate, which has to accompany applications for export licences, must be authenticated by the appropriate Spanish consular representatives. In Brazil, documents coming from a foreign country have to be authenticated by Brazilian consular authorities.

Perhaps the co-operation of consular authorities may be useful not only for controlling the authenticity of documents, but also for verifying, within the limits of their powers, that goods have actually reached the authorized destination. The fulfilment of specific tasks entrusted to consular representatives may also prove useful in order to control the effective destination of goods.

The difficulty in avoiding further transfers of the exported armaments and the difficulty in carrying out effective controls by the authorities of the exporting country constrained some States to introduce legislation to try to make the Governments of the countries to which weapons were directed responsible. Thus the Spanish order requires that for the export of arms designed for warfare, the end-use certificate which has to be enclosed with the licence application must be issued by the appropriate authorities of the importing country.[25]

Likewise in the United States, as regards commercial sales directed to a non-governmental foreign end-user, federal regulations provide that it may be required that the end-use certificate which has to accompany licence application to export "significant military equipment" must be executed by the appropriate authority of the country of ultimate destination: "This means that the foreign government undertakes not to authorize the re-export, resale, or other disposition of the defense articles or defense service enumerated in the application without ensuring that the prior written consent of the U.S. Government has been obtained" (C.F.R. 123.10).

Significant in this context are the provisions of Swiss law. According to article 11, authorization to export may be issued only if defence articles are supplied to a foreign Government or to a company authorized by the latter to manufacture, and if this Government certifies that the articles will not be re-exported.[26]

These attempts to involve somehow the responsibility of the Governments of the countries to which exported armaments are directed show that national controls, even though necessary, are often not sufficient for preventing illegal transfers of weapons. Probably only a combined action of national controls and of multilateral action aimed at engaging the international responsibility of importing countries can achieve greater transparency in armaments transfers.

The question of illegal traffic in international arms transfers is not the only one to require a solution. In fact, only a small fraction of the total trade in armaments is illegal and thus not under Government control. It therefore appears very important not to leave the whole matter of the armaments trade to the discretion of the Executive; hence the relevance of a legislative act governing the subject and providing controls over the action of the Government.

Some countries still lack specific statutes and arms transfers are regulated by general provisions regarding foreign trade or by ministerial orders. A statute regulating both commercial sales and also exports made directly by the Government can play a significant role in creating more transparency in this field. It would also be important for government-to-government sales to be regulated by statutes, whereas they are often left solely to the discretion of the offices concerned. A statute regulating arms transfers and setting forth the procedures to be followed in authorizing the export of such goods can ensure that such procedures are carried out correctly and can establish a precise framework for the responsibilities of government authorities.

As we have seen, in several countries statutes set out the procedures to be followed in issuing licences to export, but often nothing is said about the standards which should guide the decisions of government authorities. The choice of directive criteria expressed in the law can play an important role in helping to fix the responsibility of the Government and in making the controls on it more binding. Moreover, these standards should be delineated in not too general terms, otherwise they will not impose real restraint on the actions of the Government. In these matters it is important to have laws embodying directives that are sufficiently strict.

In most countries no kind of specific control by Parliament is provided for, and that is certainly a significant deficiency. Given the importance of the question, Parliaments ought to be able to have access to the data regarding the matter, and periodically they should be informed by Governments about the current status of all arms transfers authorized by the competent authorities. A parliamentary debate would also make possible public control of the action of Governments on this matter. As reported above, only United States legislation provides for strict controls by Congress over arms transfers.[27]

The aim of getting more transparency in international trade ought to be just a first step towards reaching a reduction in arms transfers. To this end, strict national legislation may be useful, for example, statutes which forbid the export of armaments to States engaged in armed conflicts or wherever there is the danger that arms may be used for an action which tends to disturb peace. Of great importance too are constitutional provisions which are based upon the principle of the rejection of war and which condemn any activities tending to disturb peaceful relations between nations or to promote aggressive warfare. These provisions should be interpreted as forbidding the sale of armaments to regions where they are likely to be used in international disputes.

Finally, it is worthwhile to cite those legislative acts which provide that competent authorities may revoke at any moment licences to export arms. This allows the authorities to consider any changes that may occur between the issue of an authorization and the completion of the operation of export. Thus, the competent authorities may take into account, for example, possible changes in the international environment such as the breaking out of new conflicts or the emergence of unexpected situations of tension, and may consequently forbid the export of the armaments.[28]

However, the instrument of a legislative regulation of export of armaments, though important, is not in itself sufficient to achieve the aim of a significant reduction in arms transfers; it must be combined with other unilateral initiatives. First, a change is necessary in the political approach to this problem: armaments sales should no longer be regarded as an instrument of foreign policy. Then, economic initiatives are necessary, for instance, measures for the conversion of military industry to civilian purposes. In addition, multilateral action is probably indispensable. In fact, the problem of the reduction of arms transfers cannot be solved by any single approach: both unilateral and multilateral efforts are necessary.

Notes

1. *Gesetz über die Kontrolle von Kriegswaffen* 20/4/1961 and subsequent amendments.

2. *Legge federale sul materiale bellico* of 30 June 1972 and subsequent amendments.

3. *Decreto-lei* n. 2435 of 19 May 1988, which states some regulations on the export of goods, does not apply to articles designed for warfare.

4. *Décret-loi fixant le régime des matériels de guerre, armes et* munitions, 18 April 1939.

5. *Lag om förbud mot utförsel av krigsmaterial m.m.*

6. Export and Import Permits Act of 31 March 1954 and subsequent amendments.

7. United States legislation on the subject has been developing since 1961: first, with the Foreign Assistance Act, then, with the Foreign Military Sales Acts of 1968 and with the International Security Assistance Act and Arms Export Control Act of 1976. These laws have been amended several times.

8. Import, Export and Customs Powers (Defence) Act of 1 September 1939 and the Export of Goods (Control) Order of 1987, SI 1987/2070 and subsequent amendments.

9. In Italy, a bill on arms sales has been approved by the *Camera dei deputati* and now is under discussion at the *Senato della Repubblica*.

10. The second paragraph of article 6 provides that the issue of an authorization may be refused if it conflicts with the interest of the Federal Republic of Germany in order to maintain good relations with other countries.

11. According to section 2751, United States policy objectives should be: encourage regional arms control and disarmament agreements, facilitate common defence agreements among friendly nations in order to reach international defence co-operation among United States and allied countries and exert leadership to reduce the international trade in weapons. Moreover, armaments sales may be approved only when they are consistent with the foreign policy interests of the United States.

12. Agnès Courades Allebeck, "Arms trade regulation", in *SIPRI Yearbook, 1989*.

13. For example, in France, *Décret-loi* n. 55-965 of 16 July 1956 set up a special commission *(Commission interministerielle pour l'étude des exportations de matériels de guerre*) composed of officials of Ministries interested in the procedure for the issue of export authorizations. In Italy, at the Ministry of Foreign Trade, there exists a special committee set up by *Decreto ministeriale* n. 5044, of 20 March 1975 and composed of officials of the Ministry of Foreign Trade, of Foreign Affairs, of Finance, of the Interior, of Defence and of Industry, and of representatives of the two branches of intelligence services (SISMI and SISDE) and of three experts (this decree has never been officially published). In Spain, the *Junta Interministerial*

reguladora del Comercio Exterior de Material de Defensa y Productos y Tecnologias de Doble Uso (set up by the *Real decreto* n. 480/1988 of 25 March 1988) gives a binding opinion on export transactions involving articles with a defence use. In Sweden, an Advisory Committee for War Materials Questions was established in 1984; it is chaired by the War Materials Inspector and is composed of six members.

14. Swedish law has recently included provisions to the effect that Swedish state authorities now must also follow the regular authorization procedure: Agnès Courades Allebeck, "Arms trade regulation", in *SIPRI Yearbook, 1989*.

15. Quarterly reports contain specific items of information on the current status of all proposed, pending and concluded Foreign Military Sales. The second kind of report provides Congress with meaningful control on sales in excess of certain amounts of money and under certain conditions Congress may even block sales (22 U.S.C. sect. 2776 (b)). Commercial sales reports are required in the case of an application by a person for a licence for the export of articles valued in excess of certain amounts of money.

16. Countries that have taken part in such agreements are members of the Co-ordinating Committee for East-West Trade Policy (COCOM).

17. Jean Claude Martinez, «Le droit international et le commerce des armes», in *Colloque de Montpellier: Le droit international et les armes*, Paris 1983.

18. For the Federal Republic of Germany, see the second paragraph of article 4 of the *Zweite VO zur Durchführung des Gesetzes über die Kontrolle von Kriegswaffen: In den Fällen der Beförderung von Kriegswaffen zum Zwecke der Ausfuhr oder der Durchfuhr (Paragraph 3 Abs 3 des Gesetzes) muss der Antrag ausserdem Angaben über den Endverbleib der Kriegswaffen enthalten, Die Angaben sind glaubhaft zu machen.* In Spain, the order of 25 March 1988 specifies that for the export of defence articles, the *Junta* may request that an end-use certificate accompany the licence application; for the export of weapons designed for warfare, an end-use certificate is always required, save by an express exception by the *Junta*.

19. See C.F.R. sect.123.9: "... The written approval of the Department of State must be obtained before reselling, diverting, transferring, trans-shipping, or disposing of a defense article in any country other than the country of ultimate destination as stated on the export license ...".

20. Art. 13 7 sect.3: *Quando a exportação for para fins de venda, o interessado deverá anexar, sempre que possível, documento relativo à produção e ao consumo do produto no país, demonstrando que a exportação não prejudicará o mercado nacional.*

21. See article 5 of the Export of Goods (Control) Order, 1987.

22. C.R.F. sections 123.24, 123.25. Particular regulations on shipments by mail and temporary exports are provided by sections 123.26 and 123.27.

23. The third paragraph of article 12 states: *En l'absence d'une clause*

de non-réexportation à destination de tous pays, la direction générale des douanes et droits indirects peut limiter l'object de l'acquit à la simple garantie de l'arrivée à destination des matériels, armes et munitions. Dans ce cas l'acquit est déchargé sur présentation d'un document délivré par les services des douanes du pays importateur établissant que les matériels, armes et munitions sont arrivés au pays désigné sur l'acquit.

24. See article 7 of *Decreto ministeriale* of 4 December 1986, as subsequently modified by *Decreto ministeriale* of 18 June 1988. See also the regulations of *Decreto ministeriale* of 19 October 1987 concerning the modalities of shipment of defence articles by carrier.

25. Whereas for the export of ordinary weapons the end-use certificate consists of a declaration issued by the importing corporation, for the export of weapons designed for warfare, the end-use certificate must always be issued by the authorities of the importing country.

26. In this connection, it may be worthwhile to cite the second paragraph of article 9 of the French *Arrêté* of 12 March 1973 according to which the issue of an authorization to export may be subject to proof that goods will be consigned to the appropriate authorities of the importing country or to a company appointed by the latter.

27. In Italy, the bill which is now under discussion in the *Senato della Repubblica* grants Parliament a certain degree of control over arms transfers. The Prime Minister is required once a year to report to Parliament on all the authorized sales and on the exports carried out.

28. In these cases, it is fair to provide some compensation for the economic damages suffered by an exporting company. In this connection, the provisions of the law of the Federal Republic of Germany are very precise.

Part Four

Emerging trends and future possibilities

Present and Future Arms Trade Prospects for Control and Limitation

Stephanie G. Neuman

Introduction

Since the end of World War II, the transfer of conventional arms has become an important part of the world's international trade system and a major foreign policy tool for the participating countries. Some States seek to extend their area of influence with the sale or procurement of weapons. Others hope to deter aggression with them. Because States view arms as vital to their national interests, attempts to control their spread have met with little success. In recent years, as new States have entered the international community, the size of the arms market has grown and its character has altered. This paper will discuss the direction the arms trade is likely to take, the prospects for restraint, and the role the United Nations might play in the future.

During the period 1963 to 1984, two trends stood out: the increasing amount of money involved and the participation of developing countries. In 1963, before the war in Viet Nam escalated, world exports of defence items amounted to $16 billion, in contrast to the $57 billion spent in 1984 (an increase of over 250 per cent!).[1] The number of arms-importing States rose from 91 (67 per cent of the world's States) in 1963 to 118 (81 per cent) in 1984.[2] The number of arms-exporting States also grew, from 32 in 1963 to 48 in 1984. The rise in arms exports by developing States has been striking. In 1963, 8 developing countries exported $62 million worth of arms, or less than 0.4 per cent of the world's total. By 1984, 21 of them delivered over $5 billion, or 9 per cent of the total. Trade within this group of countries expanded as well, altering the traditional flow of

Stephanie G. Neuman is the Director of the Comparative Defense Studies Program and a Senior Research Scholar at Columbia University, New York,United States.This paper is a revised and amended version of the author's article "The arms market: Who's on top?", *Orbis*, Fall 1989.

arms from the industrialized North to the less-industrialized South. In 1964, South-South trade was a mere $101 million worth or 4.5 per cent of major weapon exports to the third world; by 1984 it had risen to $2.4 billion—or more than 10 per cent of the third world total. By the mid-1980s, eight third world countries had achieved the capability to produce all four types of major weapons systems - aircraft, ships, armour, and missiles.

A contracted market, 1984 to the present

To everyone's surprise, the growth of the weapons trade ended in the mid-1980s - a by-product, not of arms restraint programmes, but of world-wide economic and political developments. Five such developments are associated with this unanticipated slowdown: dwindling funds, rising costs and technological improvements, reduced foreign and military assistance, the lessons of war, and fewer conflicts.

Dwindling funds

Ironically, the same factor principally responsible for inflating the 1970s arms market caused the market to deflate in the 1980s - the ups and downs in the oil market. The rise in oil prices after 1970 had made possible the massive influx of arms into the Middle East. Nevertheless, even the oil rich States, feeling the pinch of falling oil prices in the mid-1980s, were forced to slow down their own arms purchases commensurately.

The oil boom and its aftermath had consequences for other third world countries, too. Higher oil prices during the 1970s drained their foreign exchange reserves and the petrodollars that were lent to them with abandon had to be repaid. From about 1980 on, this created a debt crisis in much of the third world, especially Latin America and Africa. The growing indebtedness of this group of States, combined with high interest rates and the reluctance of lending institutions to extend more credit to them, sharply curtailed their buying power.

Rising costs and technological improvements

The price of Western military technology has escalated rapidly, further reducing the number of weapons States can afford to buy. For example, France's Rafale, which will not be ready for service until the mid- to late 1990s, is projected to cost 44 per cent more than its predecessor, the Mirage 2000. In addition, warplanes last longer than before and therefore need to be replaced less frequently. Across-the-board, modern major weapons systems have experienced price increases and technological improvements, further depressing the number purchased world-wide.

Reduced foreign and military assistance

Poorer States have depended upon foreign financial help to buy weapons and services. Declining oil prices have meant that the oil-rich States are less able to assist others with procurement. Other wealthy States, such as Japan and the Federal Republic of Germany, are constrained from giving aid by political considerations, while European countries, in general, require arms sales in order to support their own military sectors and, therefore, do not have the means to offer significant long-term credits and grant aid. In the current economic climate, only the super-Powers have the resources and inclination to provide large-scale, long-term concessional military aid. Yet even their military assistance programmes have been negatively affected by recent trends, and neither of them is likely to offer major financial help to others except when important foreign policy considerations are involved. Many producers have arms to sell, but most potential customers cannot pay for them. As long as current economic and political conditions persist, the procurement of military technology will continue to be restrained.

Lessons of war

The recent experiences of combatants fighting conventional wars and insurgencies indicate that more modern weapons do not necessarily translate into enhanced fighting capabilities or short-term military power.

Military leaders in countries throughout the third world have concluded that their forces are effective only if they have sufficient support. Investing in infrastructure, training, logistics, command and control, communications, and intelligence systems takes precedence over the acquisition of major new armaments. This means upgrading human skills along with weapons already in inventory, and hoping that skill and quality will compensate for declining quantity. Given the rising costs of military technologies, this is probably the direction all developing, as well as developed, States will follow.

Fewer conflicts

Peace initiatives since 1988 also have supported the trend towards a diminished arms trade. As war ebbs, so will the flow of arms to such countries as Afghanistan, Angola, Viet Nam and Nicaragua. But the end of fighting in the Persian Gulf will have the greatest impact. During the period from 1980 to 1983 alone, some forty countries supplied Iran or Iraq with weapons or other services.[3] If peace prevails, the sharp reduction in demand will mean hard times for suppliers around the world.

A combination of factors, then, has deflated a formerly expanding arms market. The increasing number of exporters and producers notwithstanding, demand for major weapons has stopped growing, especially in the third world. Major activity in the arms market, other than services, upgrades, improved electronics, and the transfer of older equipment, is not expected between now and the year 2000.

The future shape of the arms trade

Some analysts have predicted that a new, multipolar international environment is evolving. The arms trade, however, shows little sign of change in this direction. Although the volume of arms traded has decreased, the relative position of the suppliers in the arms market has not changed substantially; the United States and the Soviet Union continue to dominate the arms trade.

United States

In spite of its reduced market share, the United States retains its competitive advantage over other suppliers. In part, this is because the market seeks what the United States has to sell - manufacturing know-how, sophisticated components and advanced technologies. This advantage is supported by the largest military research and development (R&D) budget in the world, reportedly $39 billion (1989).[4] New systems such as sensor and communication technologies, advanced data-processing capabilities mated in new delivery systems, low-observable aircraft and missiles, and long-range surveillance systems - along with other projected technologies - are expected to have a revolutionary impact on the future battlefield. As the implements of war change, so will demand, affording the country capable of designing and producing the new technologies a competitive advantage. To date, in part due to its R&D resources, that advantage attends to the United States.

The weight of the United States in the international arms trade also derives from its physical and economic size, especially the size of its defence sector. With an annual procurement budget of about $80 billion, the United States, even after budget cutting, is the largest military market in the world.[5] Furthermore, the size of its commercial market augments its competitive advantage and influence. Its $5.2 trillion economy is also the largest in the world, making it an attractive market for other nations' products.

What is more, unlike other arms producers, the United States does not depend upon exports to support its defence industries. Only 5 to 15 per cent of the United States defence production is exported,[6] which insulates many of its military industries from the consequences of a contracted world market felt by other more export-dependent producers.

All of these factors sustain the United States influence in the arms trade. Faced with the challenge of keeping pace with rapid technological change, declining demand, and the need to achieve economies of scale in order to maintain their own defence industries, arms-producing countries with relatively small domestic markets now look to the United States as a source of technological innovation and as a customer for their military and civilian wares.

Soviet Union

Current Soviet economic difficulties raise questions about the USSR's ability to maintain its standing in the international arms trade. Bad weather, combined with disruptions in the Soviet industrial sector in 1987, led to a slowdown in industrial growth and a decline in agricultural output. As a result, Soviet GNP grew less than 1 per cent in 1987, the lowest rate since the 1970s.[7] In 1989, President Gorbachev announced that the Soviet Union intended to reduce its defence expenditures by one seventh and its arms production by one fifth.[8] Furthermore, in recent years Soviet industrial and technological deficiencies have been widely discussed. According to the Pentagon, the Soviet Union lags behind the United States in "all technologies with greatest military importance".[9]

In part in response to these developments, major clients such as India increasingly shop for their expensive high-technology systems in the West, and for their most advanced items in the United States. Even Eastern Europe now looks to the United States for computer innovation, and many developing countries are increasingly unwilling to buy Soviet-built equipment.[10]

A comparison of arms imports between two periods, 1978-1982 and 1983-1987, shows that India, Iraq, Peru, and the Warsaw Treaty States are importing an increasing share of their arms from non-Soviet suppliers.[11] Even the Syrian Arab Republic is reported to be opening more to the West,[12] which it sees as a potential source of economic assistance and advanced technology. In the future, this trend is likely to become more pronounced as arms production cutbacks reduce the number of the Soviet Union's most modern weapons, making them less available for export.[13]

Although the dollar value of Soviet military exports remained high in 1986 and 1987, over 40 per cent of these transfers were outright grants to impoverished clients; many were paid for with low interest loans, soft currency or commodities.[14] A number of conflicts now winding down or in remission will, in all likelihood, require less Soviet equipment in the future. The Soviet Union's market share - both in volume and monies earned - is, therefore, likely to remain flat or decline in the 1990s and beyond.

Eastern Europe

Up until the present, most major weapons systems procured by non-Soviet Warsaw Treaty States have been either of Soviet manufacture or design. This has impeded the indigenous R&D and military production capabilities of these countries and they have, therefore, remained dependent on Soviet imports. Given the new political climate, it is difficult to predict how the military industrial sector in Eastern Europe will develop. Some political leaders have declared an end to military exports. Others talk of new arms production and sales ventures. But whatever the outcome of these policies, given their limited production capabilities, the military transfers of this group of countries are unlikely to figure prominently in the arms trade of the 1990s.

Western Europe

It is estimated that the United States spends three to four times more than all of Western Europe on conventional military R&D. In spite of their considerable production capabilities, therefore, individual European countries must rely on the United States for many of their most advanced weapons and components. Trade figures for the North Atlantic Treaty Organization (NATO) between 1982 and 1986 show an average 2.9 to 1 procurement imbalance favouring the United States.[15] In addition, military exports upon which most European States depend for supporting their defence industries and foreign procurements are dropping. Consequently, many Governments are being forced to cutback defence production.

Europe's ability to remain competitive depends, in large part, upon the degree of real economic and military cohesion it develops in 1992. It remains uncertain whether the Europeans will soon be able to achieve real economies of scale through the integration of their defence sectors. As the perceived threat from Eastern Europe has diminished, economic considerations have grown in importance, and a number of joint projects are now in doubt.

Japan

Japan constitutes another unknown factor in the future arms trade. It is clear that it has the industrial capability to produce and export a variety of advanced weapons systems. To date, however, political considerations - deriving from a legislated arms-export ban, public anti-war sentiments, and the sensitivity of their neighbours to any signs of increasing Japanese military capabilities - have limited Japanese defence production and exports, and few analysts foresee a wholesale dismantling of the country's restrictions on rearming and weapons sales abroad. Consequently, Japan remains dependent on

American defence equipment, sustaining a 3 to 1 military trade imbalance with the United States.[16]

Other producers

As the technological complexity of modern major weapons has risen, so too have the challenges to the industrial capabilities of developing countries. Because of inadequate industrial infrastructure and scarce skilled personnel, moving the process from design and development into production often has entailed major technical set-backs and excessive time delays.

Retrenchment in the manufacture of major systems is already occurring throughout the third world. The Israeli decision not to produce the Lavi advanced fighter bomber and the bankruptcy of the Brazilian rocket manufacturer Avibras-Aerospaciale are only two examples. For other potential producers, financial constraints will serve as an effective barrier to market entry. As it is, the number of major arms producers has remained fairly static since the beginning of the 1980s.

In the current environment, the less industrialized countries and smaller producers will have to depend upon others for technological innovation in the military sector. In order to stretch their shrinking defence dollars, many of these countries are now searching for innovative cost-cutting methods for acquiring new and used weapons systems and are looking to the United States for assistance.

Changing realities and emerging trends: A more complex arms trade system

The United States role

These developments notwithstanding, the picture of strength for the United States is ambiguous. Although a number of factors point to a position of dominance, foreign policy considerations and changing economic realities may intervene to diminish the American share of the arms market and obscure its central role in the arms trade.

To date, the United States market has been supplied essentially by domestic manufacturers, with over 94 per cent of the

Pentagon's prime contracts awarded to American firms.[17] But the United States Government is under increasing pressure to buy more military items from its friends and allies and to adopt a more liberal trade policy. In response to these demands, Washington has agreed to enter more international co-operative defence ventures,[18] buy more foreign military products,[19] relax controls over the transfer of some "sensitive" technologies and permit the sale to third parties of more United States systems - often embedded in foreign-produced weapons.

As weapons systems grow more sophisticated and expensive and defence budgets contract, small and medium-size producer countries depend more upon foreign sales in order to maintain their own defence industries. Meanwhile, most developing countries cannot afford United States-built first-line weapons systems. Together, these facts suggest that Washington will forgo some of its market as a tacit offset to help friends and allies earn needed foreign exchange, achieve economies of scale, and procure sophisticated United States technologies necessary to maintain their own defence industries and military readiness.

When it has been politically expedient, the United States has even permitted its security assistance to be used to pay for military equipment sold by its friends to third parties. Given the current economic climate, indirect aid of this sort is likely to become a more visible feature of its security assistance in the future. If it does, it could serve to moderate United States arms sales to the third world, expand the export earnings of allies and friends and increase the dollar value of Washington's military imports.

Increasing international co-operation

What is clear is that the arms trade is in a state of transition, becoming vastly more complex and variegated than it was in the past. The risk of doing business has increased due to tight defence budgets, evermore complicated weapons, the costs of R&D and the declining number of weapons systems being produced. These factors are moving military industries everywhere, including those in the United States, towards greater international co-operation and offshore manufacturing.

Cross-bloc industrial collaboration will also expand as the products and peoples of West and East flow through increasingly porous political boundaries. Bonn and Moscow have discussed possible German-Soviet collaboration in aerospace, and a delegation from the Federal Republic was allowed to visit Soviet aircraft and aero-engine factories previously closed to Westerners.[20] Soviet aerospace firms are also seeking joint ventures with United States manufacturers.[21] Yugoslavia, reportedly, has sought British help with engine, transmission, suspension and electro-optical systems for a new tank, and France's Dassault is co-operating on the design of Yugoslavia's "Novi Avion" light-combat aircraft.[22]

As joint or consortium R&D projects, co-production, licensing and foreign investment in defence industries become more commonplace, military technologies will increasingly represent a conglomeration of design and manufacture. Indeed, this type of collaboration is rapidly becoming the norm world-wide.

Buying a system from one country will no longer necessarily be accompanied by upgrades or technical training from that country. One example of the growing size and complexity of the international service market is McDonnell Douglas Training Systems, Inc., which is using former United States Air Force pilots to train Kuwaiti pilots using Brazilian (Tucano) airplanes built in the United Kingdom. Upgrades of military items produced in one country by technicians from another have also become more common. Despite expected downturns in military spending, the demand for and sales of this type of service are expected to rise.

Increasing integration of civilian and military industries

In addition, the divide between civilian and military industries will become less defined. Companies worried about profits in a time of declining defence budgets are already looking to the civilian sector for business opportunities. Political leaders, too, are beginning to understand the interdependence of their civil and military industrial sectors, and are attempting to integrate them in support of larger economic goals.

In some countries, slack military industrial capacity is being diverted to the production of civilian products or dual-use items. In the Federal Republic of Germany, Krauss-Maffei, which for more than two decades has produced the Leopard battle tanks, is now dealing with falling military orders by widening the company's civilian business in transportation, environmental technology and machines for making plastic compact discs. In France's aerospace industry, civil sales are now claiming a larger portion relative to military sales. In 1989, over 60 per cent of French aerospace orders were for civil products. Of the military orders, only 23 per cent came from foreign customers.[23]

In the third world, Indonesia's leaders are now demanding that up to 30 per cent of capacity in defence plants be employed for production of non-military goods. Chile's Cardoen arms group, which was one of the chief weapons suppliers to Iraq during the Gulf conflict, is diversifying to non-military products and engineering services. In China, two thirds of all military factories now also make consumer goods. The military hopes that the share of consumer goods made in military factories will rise by one half by the year 2000, thus providing more money for the needs of the armed forces and compensating for cuts in the defence budget. In India, even state-owned ordnance factories are contemplating diversification, due to a shortfall in orders. Israeli defence manufacturers, too, have been forced to shift their marketing focus to civilian projects.

Similar efforts are under way in the USSR and the United States. The Soviet Union's new economic reforms require defence industries to integrate with civilian industries. At least one third of Soviet shipbuilding, aircraft, and electronic production reportedly now goes to the civilian sector.[24] Nikolai Ryzhkov, Chairman of the Council of Ministers, stated that the share of civilian goods produced by Soviet defence industries will increase from 40 per cent in 1989 to 50 per cent in 1991, and to some 60 per cent by 1995.[25] American companies are also looking to the civilian sector to compensate for declining defence contracts. The Boeing company, for example, is depending upon demand for commercial aircraft to keep it going until the military market improves.

Some Governments encourage technological transfers from the military to the commercial sector to stimulate growth there. Others, because of the overwhelming expense and technical demands involved in producing modern weapons, are looking to the civilian sector for help with R&D. The Pentagon is arguing for broad United States industrial policies to benefit civilian high-technology industries in the hope that the rewards will benefit military R&D as well.

Economic considerations are also fostering the production of more dual-use items - technologies that satisfy both civilian and military requirements. Civilian satellites capable of producing photographs of military interest; inexpensive commercial receivers that can be used to guide or deliver a nuclear, chemical, or other warhead; microelectronics, superconductors, computers and composite materials are only some examples of products produced in the civilian sector with military applications.[26] In the new global industrial environment, it is becoming increasingly less possible to distinguish between civilian and military products.

Mounting accounting problems

All these factors make it difficult to determine the relative market share of the world's arms exporters. As weapons systems incorporate more foreign and civilian intellectual properties, components, subcomponents, and materials, tracing their origins and disaggregating their dollar value will become a futile task. The "world tank" will soon follow the "world car".

Current accounting procedures are simply inadequate for the task. Royalties, fees and repatriated profits are not reflected in trade statistics and, given the growing complexities involved, may not be calculable. A related problem will be that of tracking and analysing arms export data that fall into the gray area of intellectual property, dual-use application and covert third-party military sales. Clearly, it is becoming more difficult to ascertain the actual weight of individual producers and suppliers and, therefore, the real structure of the arms trade system. In the future, arms transfer statistics may mask more than they clarify. Rather than increasing the transparency of the arms trade, changes in the type of technology transferred will make it more difficult to determine exactly what is and is not a military transfer.

Despite these many uncertainties, factors are at work that will limit the number of weapons most countries can buy or make and that will foster their dependence on the economic and technological strengths of the system's largest, most industrially advanced members. Recent developments suggest that the United States will be in a position of dominance during the 1990s and beyond, as other States struggle to adjust to changes in the arms trade. Whether arms transfer statistics reflect the primary role of the United States in the arms trade or not, directly or indirectly it is likely to be the central actor. The extent to which other States will be able to match American industrial and export strength in the long run remains unclear.

What role can and should the United Nations play?

Given the growing complexity of the arms trade, what role can and should the United Nations play in monitoring or restraining the arms trade? As the above discussion implies, current economic and technological developments themselves may be moderating the volume of arms transferred. Nevertheless, these same factors may also be creating a uniquely favourable environment for initiating political measures that will further limit military transfers and encourage permanent restraint.

Promoting transparency: An arms transfer and production data base

Without better knowledge of defence industries' ownership, the industrial content of major systems, their production histories and the numbers transferred, it will become increasingly difficult to account for what is being delivered to whom. Creating a reliable data source of the industrial capabilities of the world's arms producers and their export activities must, therefore, be the first step before arms limitation initiatives can be contemplated.

Columbia University's Comparative Defense Studies Program has begun to enter this kind of material into a computerized data base on third world military production and sales. It is surprising how much information can be gleaned from a careful, assiduous search of the open literature. Nevertheless, a university programme does not have the resources to monitor the world's arms trade and production system. To do so requires not only access to a vast number of multi-language publications, but also the ability to collect and generate data on an ongoing, permanent basis. It is a Herculean task only an international organization, such as the United Nations, can successfully undertake.

A data bank of this kind could provide substantive support for arms restraint negotiations and serve as a permanent resource for policy makers and researchers throughout the world. As a repository and disseminator of information, the United Nations can play a singular role in promoting increased transparency in the arms trade.

Fostering régimes for conventional arms restraint

To meet immediate and urgent concerns about conventional arms proliferation, a conventional arms restraint régime might be established, using the nuclear non-proliferation Treaty as a precedent.[27] The objective would be to establish a normative environment in which the transfer and use of a specific weapon or family of weapons would become unacceptable and its acquisition objectionable to the international community.

In today's political climate, in which both the United States and the Soviet Union have expressed concern about the proliferation of "inhumane" systems, the time may be ripe for a United Nations initiative in this area. The Department for Disarmament Affairs or a United Nations agency could serve as an important catalyst by offering alternatives to formal negotiations when difficulties arise, facilitating regular private consultations and informal understandings, and in general supporting bilateral or multilateral efforts to establish conventional arms restraint régimes.

Facilitating regional and local efforts

In spite of propitious international circumstances, it is unrealistic to expect that the sources of mistrust between rival States will disappear, particularly in the third world, where geostrategic and ethnic conflicts remain unresolved. The demand for weapons is bound to continue, and as the arms trade contracts, supplier States will urgently seek markets in the third world. Unsuccessful multilateral and global attempts at conventional arms control in the past attest to the intractable challenges involved. In the face of these realities, efforts to limit arms transfers may be more feasible on a local or regional basis - in situations where States may see economic or security benefits in arms restraint agreements. Today, with many States forced to cutback on defence expenditures, local or regional régimes established under the auspices of the United Nations might be welcomed by some Governments. Linking arms transfer restraint with increases in economic aid might be an added incentive for needy States in a particular region. Should such an agreement be achieved, it could be monitored by the United Nations or by some international agency modelled on the International Atomic Energy Agency (IAEA).

The above suggestions for arms transfer limitations are fraught with difficulties. Like arms transfers, arms control initiatives are generally seen to be politically motivated by the participants and are therefore often viewed as discriminatory. To be successful, any attempt to arrive at such an agreement must address often unyielding security concerns. Given the impending military technological revolution, deteriorating economic conditions, and the changing political order, however, an international climate of opinion may be developing which will inhibit regional conflict and foster supplier/recipient arms restraint. The United Nations is well positioned to capitalize on these changes. By providing the necessary assistance, support, and advice, the United Nations can promote and facilitate efforts to expand and perpetuate the current downturn in the arms trade.

Notes

1. All dollar values presented in this paper are constant 1985 dollars unless otherwise noted.

2. The United States Arms Control and Disarmament Agency gives statistical information for 136 States in 1963 and 145 States since 1983. Of the reported countries, 24 became independent since 1963; 18 between 1963-73; 6 between 1973-83.

3. *World Armaments and Disarmament, SIPRI Yearbook. 1984* (Taylor and Francis, 1984), p. 198.

4. The reported amount is in constant 1990 dollars. In 1990 the United States military R & D allocation rose to $41 billion.Report of the Secretary of Defense, Frank C. Carlucci, to the Congress on the FY 1990/FY1991 Biennial Budget and FY 1990-94 Defense Programs, January 17, 1989 (Washington, D.C.: United States Government Printing Office, 1989), p. 219.

5. The reported procurement budget for 1989 (constant 1990 dollars) is $81 billion and for 1990, $84 billion.Report of the Secretary of Defense, Frank C. Carlucci, to the Congress on the FY1990/FY1991 Biennial Budget and FY 1990-94 Defense Programs, January 17, 1989 (Washington, D.C.: United States Government Printing Office, 1989), p. 219.

6. *Defense and Economy World Report*, March 2, 1987, p. 5814. Dependence on foreign sales varies from industry to industry and some United States firms are more sensitive to United States defence budget cuts than others. This figure represents a sector-wide average.

7. "Gorbachev's Economic Program: Problems Emerge" – a paper prepared by the Central Intelligence Agency and the Defense Intelligence Agency for the Subcommittee on Economic Resources, Competitiveness, and Security Economics of the Joint Economic Committee, Congress of the United States (DDB-1900-187-88), June 1987, pp. 2-3, 23.

8. International Defense Review, February 1989, p. 137.

9. *Aviation Week and Space Technology*, March 26, 1990, p. 17.

10. Aaron Karp, "The trade in major conventional weapons" *SIPRI Yearbook, 1988*, p. 180.

11. United States Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers (WMEAT), 1972-1982, pp. 95-98 and WMEAT, 1988, pp. 111-114.

12. *The New York Times*, August 28, 1988, p. 1.

13. *Armed Forces Journal International*, December 1989, p. 20.

14. Report of the Secretary of Defense, Frank C. Carlucci, to the Congress, January 17, 1989, p. 66.

15. *Defense News*, October 5, 1987, p. 15.

16. *Ibid.*

17. *Defense News*, October 2, 1988, p. 1; *Business Week*, July 18, 1988, p. 134F.

18. The United States Department of Defense announced that by the year 2000 it will spend 25 per cent of its R & D budget on international co-operative efforts, in contrast to the 1988 level of 3 per cent. (*Defense News*, November 21, 1988, p. 2.)

19. In late 1987 and early 1988 Israel and Egypt signed a Memorandum of Understanding which enables them to bid on a wide range of Pentagon contracts.

20. *London Financial Times*, July 22, 1988, p. 6.

21. *Aviation Week and Space Technology*, February 12, 1990, p. 24 and February 26, 1990, p. 52.

22. *Jane's Defense Weekly*, March 12, 1988, p. 424; *Flight*, March 7-13, 1990, p. 16.

23. *Defense News*, March 5, 1990, p. 6.

24. *Defense News*, August 1, 1988, p. 3.

25. Paul Mann, "CIA Sees Long-Term Pressures against Soviet Defense Budget, *Aviation Week and Space Technology*, May 1, 1989, p. 30. In addition, Soviet defence industries must now be self-financing. The practice of *Khozraschot or* "self-financing" already widespread in the civilian economy is being extended to many Soviet defence plants, notably major tank and armored vehicle factories and naval shipyards. This means they are no longer eligible for state subsidies and must operate on a commercial footing—working to achieve a profit. (*Jane's Defense Weekly*, 16 December 1989, p. 1334.)

26. Thomas J. Welch, "Technology Change and Security," The Washington Quarterly, Spring 1990, p. 113.

27. Under the non-proliferation Treaty, non-nuclear parties agree not to acquire nuclear weapons, and the nuclear-weapon parties promise not to assist any State attempting to do so. In addition, all non-nuclear-weapon States parties must sign an agreement with the International Atomic Energy Agency (IAEA) to allow it to monitor the disposition of all fissile materials in their peaceful nuclear energy programmes. IAEA also regulates the supply of fissile materials and associated production technology. (John Simpson, "The nuclear non-proliferation regime as a model for conventional armament restraint", *Arms Transfer Limitations and Third World Security*, Thomas Ohlson, ed. (Oxford: Oxford University Press, 1988), p. 229.)

Recent Trends in Arms Transfers and Possible Multilateral Action for Control

Herbert Wulf

Introduction[1]

What kind of multilateral controls?

Régimes to regulate the arms trade usually share a common goal, namely, to make armed conflict less likely or impossible. Beyond this primary goal they can be directed at different aims:

1. Arms reductions (or disarmament) are directed at saving the resources that are needed to buy arms and using them for alternative purposes.

2. Arms limitations do not imply reductions, but place ceilings on certain categories of weapons (such as nuclear weapons and missile technology), and the value or number of weapons. Such limitations aim at preventing an arms race in certain regions and at preventing certain countries from acquiring particular types of weapons, thus making wars less likely and less destructive.

3. Arms control does not necessarily mean reductions or limitations of weapons transfers, and might not be directed at arms at all. Arms control is exercised by means of transparency, verification, zoning agreements, etc. Such measures are aimed at confidence-building, thus preventing the outbreak of war and, if successfully implemented, in a second stage they form a base from which to pursue disarmament.[2]

In this paper I am mainly concerned with the first two categories of arms transfer regulation, although arms control could be an effective measure to contribute to arms limitation or reduction. Mere reduction of the world trade in arms may not necessarily serve to prevent wars. This paper rests on the assumption that arms transfers are usually a problem from an economic and peace perspective. In certain cases, however, arms transfers might bring a

Herbert Wulf is the Arms Trade Project Leader in the Stockholm International Peace Research Institute (SIPRI), Sweden.

moment of stability into a conflict-situation. Therefore they should not be discarded in each and every case and under all circumstances. However, the stability argument has been and is, of course, most often used in legitimating arms imports. It is difficult to distinguish when imports are justifiably used for defending against outside aggression or when this rationale is used to cover up other motives. On the whole, it is safe to assume - as I do in this paper - that arms transfers have exceeded by far the level necessary for stability and have, in most cases, added to instability.

Improved chances for multilateral regulations in the 1990s?

What are the prospects at the beginning of the 1990s for reducing arms exports and imports and for controlling the arms trade? Only a small fraction of the total trade of arms is illegal and thus not under government control. Most arms transfers are controlled by the Governments in both the exporting and the importing countries. Governments are responsible for the majority of arms that are developed, produced and traded. The problem of arms-transfer control is how to make Governments do something they have, for the most part, steadfastly resisted doing for the last 40 years. Proposals that have been made and were accepted did not last for long or failed from the beginning. Governments do, however, change policies. More important, there is some hope for improvement regarding arms-transfer regulation. The most significant changes that might improve the control of arms exports is the new relationship between the two super-Powers and the changes in Europe. The rivalry between these two blocs had a "South dimension"; their competition, along with their weapons, was in the past often transferred into third world regions. New political and security arrangements in Europe are likely to restrain and have, to some extent, already restrained their rivalry and struggle for spheres of influence. Other indicators suggest improvements in recent years, especially the intensified role of the United Nations system in conflict resolution and the increasing desire of member Governments to negotiate arms control and disarmament on the basis of facts and figures—often assembled by the United Nations Secretariat.[3] New initiatives to regulate the arms trade will therefore have a chance of success, although success is not guaranteed.

Recent trends in arms transfers

To suggest control of the transfer of weapons—especially their transfer into armed conflicts—it is essential to have some knowledge of how this trade has developed. The most important trends of the arms trade in recent years were the following:

1. Despite failures to control the arms trade during the 1980s, the value of the trade in major conventional weapons was more or less stagnant, fluctuating between roughly $30 billion in 1980 and $39 billion in 1987, an exceptional "peak" year.[4] In contrast to the 1970s, which saw overall high growth, the trend in the 1980s was a shrinking value. Exports at the end of the 1980s were down to the level of the beginning of the decade.

2. The decline was the result of reduced imports of third world countries; industrialized countries (especially several North Atlantic Treaty Organization (NATO) countries) increased their arms imports.

3. The decline of third world arms imports was not a consequence of either a conscious disarmament policy or of a purposely designed arms-transfer control policy. It was the result of limited hard currency resources in major importing countries, the end of the conflict between the Islamic Republic of Iran and Iraq and increased domestic arms production in third world countries.

4. The supply pattern during the Iran-Iraq war illustrated that arms are available on the world market. Numerous suppliers delivered weapons to both the warring parties. Efficient control measures are more difficult to implement today than during the 1950s and 1960s since more suppliers exist.

5. While the traditional major arms exporters of the industrialized world remained important suppliers to "hot" wars, their total arms trade was less oriented to supply countries that were fighting a war. In contrast, some of the "late-comer" exporters depended heavily on the weapon imports of countries at war.

6. Regional patterns of third world arms imports have changed. For a long period the Middle East has been the major importing region. At the end of the 1980s, South Asia replaced the

Middle East as the region with the highest arms imports, mainly because of supplies to India and Afghanistan.

7. The situation between the two major alliances, the Warsaw Treaty Organization and NATO, improved considerably during the past few months. Disarmament is discussed more seriously than it has been since the beginning of the cold war, in the 1950s, and withdrawal of arms has actually begun. With regard to arms transfers, this positive trend entails two dangers. First, enormous quantities of weapons are being withdrawn from the armed forces in Europe (so far mainly from Warsaw Treaty armed forces). Until now no provisions have been made to ensure that these weapons will not be offered on the world market. In fact, some of the weapons have already been exported. It is important to have provisions in arms control agreements that these weapons should be destroyed or—wherever possible—converted to non-military use. Secondly, due to prospects of disarmament, budgets are under pressure. This situation has already created—and is likely to extend—over-capacities of the arms industrial base in future years. One of the strategies of arms producers is to lobby and advertise for increased exports. To reduce this pressure, conversion of arms production facilities to non-military use seems to be essential.

Presently the primary brake on arms exports is the lack of resources in the importing countries. If this situation were to change, owing, for example, to increased export earnings of third world countries or a solution of the debt crisis, it would not be unreasonable to assume that increases of arms transfers would occur.

A short history of multilateral arms transfer control

In the introduction of a recent SIPRI study on arms transfer limitations, the editor, Thomas Ohlson, notes: "Multilateral attempts to limit transfers of conventional weapons to third world countries have by and large been unsuccessful throughout the post-war period".[5] Neither agreements between exporting countries or among importers nor declaratory statements have led to the desired results. Despite official declarations from Governments in the West, East and South underlining the necessity of controlling the arms trade, a fundamental change of policy has not taken place. Ohlson distinguishes three periods in the history of arms-transfer control proposals, with respect to when and why they were suggested.[6]

The first period, ranging from the 1880s until World War I, was basically intended by the colonial Powers to preserve the colonial system. A series of agreements, like the Brussels Act of 1890, prohibited the supply of arms and ammunition to the major part of Africa. The aim was to prevent armed insurgencies against the colonial system and to maintain a stable balance between the colonial forces. The very nature of these agreements was discriminatory. They failed to a large extent as a result of the fact that Governments had little control over arms smugglers.

During the second period, from the end of World War I until the mid-1930s, in addition to unilateral proposals and embargoes on countries at war, several arms-transfer control agreements were proposed in multilateral forums: in the League of Nations, the St. Germain Convention, and the Geneva Convention on traffic in arms. It "was the heyday of arms transfer control proposals"[7] and they were motivated primarily by moral indignation and constituted a reaction to the activities of private arms dealers. At that time it was widely believed that the arms race before the beginning of World War I had been fuelled by arms merchants. The results of the proposals were rather meagre. Most of the agreements were never put into force and the embargoes proved to be ineffective.

The third period began after World War II, with the emergence of the bipolar system. Arms were not only accumulated in unprecedented quantities in the two major military blocs, but were transferred to the newly independent States as well. Several interesting multilateral arms-transfer control proposals from which lessons for the future can be learned were put forward and implemented. The results were not totally negative, but were, on the whole, unsuccessful, as the increased number of arms transfers shows. Among the more interesting ones were the following: the Tripartite Declaration by the United States, France and the United Kingdom of 1950 to control arms supplies to the Middle East; the so-called CAT (conventional arms transfer) talks between the Soviet Union and the United States initiated by President Carter in 1977; the Ayacucho Declaration on Latin America of 1974; the United Nations arms embargo against South Africa, still in force in 1990; the non-proliferation Treaty, (NPT) signed in 1968; and the Missile Technology Control Régime Agreement (MTCR) of 1987.

A typology of multilateral controls and their results

Distinctions between types of arms-transfer control mechanisms have been suggested.[8]

Direct multilateral measures

Agreements between supplier-countries

The best known and most widely discussed initiative to control conventional arms transfers on the international level has undoubtedly been the CAT talks mentioned above.[9] A United States unilateral restraint was implemented before the CAT negotiations started inasmuch as a dollar volume ceiling was placed on new commitments. Carter hoped to reach an agreement that would lead to an exporters' cartel. After several rounds of discussions, the negotiations were stopped by the United States Government as a result of bureaucratic in-fighting. In the renewed deteriorating climate of super-Power competition at the end of the 1970s, arms exports were again considered as a foreign policy tool to restrain Soviet influence.

Examples of different kinds of such export cartels still exist. One of the more or less functioning cartels is the so-called Co-ordinating Committee (COCOM) of the majority of NATO countries plus Japan to control transfers of military-related technology to the Warsaw Treaty countries. The decisive differences between the COCOM model and a conventional arms export cartel, of course, are that only Western countries are members of COCOM and that COCOM attempts to deny certain technologies to a group of countries perceived as a common enemy. A conventional arms export cartel would consist of countries with very different and often even conflicting interests.

The London Suppliers' Club, an informal group of major nuclear technology-producing countries, is another parallel example. The task of this group is to prohibit the proliferation of military-relevant nuclear technology. The success of the London Suppliers' Club is not extremely convincing, since many developing countries, with the help of industrialized countries, have been able to develop the technological potential to produce nuclear arms at present or in the near future.

Export cartels could be implemented on different levels. One possible concept is a global approach, which would establish an agreement between the major arms-exporting countries like the United States and the Soviet Union (together accounting for approximately 70 per cent of the global arms trade), as well as France, the United Kingdom, China, the Federal Republic of Germany and Italy (together accounting for an additional 20 per cent of global arms transfers). An agreement between these countries could restrain or reduce the volume of arms exports. Such cartels are, by their very nature, discriminatory and divisive. The difficulties experienced in trying to find global solutions are most pertinently illustrated by the abortive CAT negotiations.

An alternative to this quantitative global approach could be qualitative reductions of certain arms technologies. Like the London Suppliers' Club, which tries to curb nuclear technologies, the Missile Technology Control Régime—simultaneously announced on 16 April 1987 by the Governments of the United States, Canada, the Federal Republic of Germany, France, Italy, Japan, and the United Kingdom—tries to control missiles that are capable of delivering nuclear weapons.[10] The MTCR has a number of limitations. The Soviet Union and China, both important exporters of missiles, are not members. Third world Governments consider it a paternalistic club of "haves" that want the "have-nots" to be excluded. Like the non-proliferation Treaty, the MTCR does not restrain the transfer of key technologies for non-miltary use, although some of these technologies can be used in military programmes.

One of the problems of global agreements is that possibilities for regional restraint are neglected. There are a number of regional arms races, for example, in the Horn of Africa, the Near and Middle East and on the Indian sub-continent. The intensity, as well as the duration, of wars fought in these regions has been influenced decisively by arms supplies. One example of a regional agreement—perhaps the most effective supplier agreeement—was the Tripartite Declaration of the United States, United Kingdom and French Governments to withhold arms deliveries to the Middle East, which held from 1947-1955. The control régime lasted until Czechoslovakia and the Soviet Union broke the Western suply monopoly and delivered arms to Egypt. The agreement obviously failed to meet one basic criterion of successful supplier controls: not all relevant potential arms suppliers were included. The Soviet Union and Czechoslovakia were, of course, not included since the Western Powers had differing interests and wanted to restrain Soviet influence in the region. The experience of several Arab-Israeli wars and the CAT negotiations proves how difficult it is to agree on steps to regulate arms transfers on a regional basis.

Import agreements

Instead of approaching conventional arms-transfer limitations on the supply side, it is possible to develop demand-side models for arms import restraint. The point of departure could be the negative economic impact and political destabilization resulting from regional arms races. Agreements on import restrictions could, for example, be modelled on the Treaties of Tlatelolco and Rarotonga. These agreements establish nuclear-weapon-free zones in Latin America and the South Pacific, respectively. Participating countries could either agree on a quantitative ceiling or on the prohibition of specific weapons systems. An obstacle to the implementation of such an agreement is, of course, the existence of conflicts and the perception of neighbouring countries as enemies. A precondition for the success of an agreement would be acceptance of the principle of the peaceful settlement of conflicts.

Growing economic pressures led in 1974 to such an initiative by the Peruvian President Alan García. On 9 December 1974, the Declaration of Ayacucho was signed by representatives of the Governments of Argentina, Bolivia, Chile, Colombia, Ecuador, Panama, Peru and Venezuela. These eight countries declared in Ayacucho (Peru) their intent to negotiate regional limitations on arms transfers and to limit military expenditures. Imports of major weapons by South America fell sharply in 1974, but grew again in the following years and reached during the early 1980s a level even higher than that before the Declaration. Despite a reaffirmation of this Declaration by the 8 countries and an additional 20 Latin American and Caribbean States in 1978, arms imports by Latin America grew substantially during that period. Since the mid-1980s, however, mainly as a result of high debts, arms imports were more than halved.[11] Why was the initiative not more successful? "In sum", Augusto Varas concludes, "owing to the all-embracing purpose and multi-issue orientation of the Ayacucho proposal, the increasingly polarized ideological divergences between some of its parties, the ambiguity on the geographical area to be considered, the inadequate institutional setting (leaving Brazil out of the talks) and the buoyant financial momentum, this arms limitation initiative did not prosper."[12]

United Nations agreements and embargoes

On several occasions limitations of arms transfers have been proposed and arms embargoes have been agreed upon within the United Nations. General agreements, however, failed as a result of widely differing opinions about appropriate criteria and standards. Various Soviet initiatives, aimed at establishing eligibility criteria for potential recipients (such as liberation movements) or for the prohibition of arms transfers (to aggressors) were not accepted. It was no surprise that the initiatives failed as a result of differing opinions about definitions of "aggression" or "self-defence". In paragraphs 22 and 85 of the Final Document of the first special session on disarmament, in 1978, Member States agreed that consultations should be carried out among major suppliers and recipients of arms to limit conventional arms transfers, but the agreement was never implemented. A possible model for such an agreement could be the non-proliferation Treaty. In contrast to the control agreements discussed above, it is neither an export nor an import cartel, but an agreement that has been ratified by nuclear as well as non-nuclear countries; that is, potential suppliers as well as recipients have agreed upon the goal of the non-proliferation of nuclear arms.

The non-proliferation Treaty is sometimes considered to be not very effective and, indeed, its results are mixed. Considering, however, the fears that were raised during the negotiation of the Treaty with regard to the number of potential new members of the nuclear club, the Treaty has been extremely successful. Over 140

States are parties to the Treaty on the eve of the 1990 Review Conference. But several threshold countries plus two nuclear Powers (France and China) are not members. Until the time of writing (March 1990), 20 years after the Treaty entered into force, no country has openly opted for nuclear weapons, although several threshold countries keep this option open.

Several controversial arms embargoes were proposed within the United Nations,[13] but the Member States have never succeeded in unanimously imposing an effective arms embargo; the success of those embargoes which have been imposed has been rather limited. The arms embargoes against the Republic of South Africa, for example, has limited South Africa's sources of supply of weapons substantially, but the embargo has been openly ignored by a few countries. Other countries have circumvented it and supplied military-related technology, thus assisting South Africa in the establishment of its own arms industry.[14] This critical comment on the effectiveness on the embargo is not intended to suggest its termination. Without the embargo and the concomitant political pressure, the reform process in South Africa might not have started.

Indirect control measures

Not only have multilateral initiatives to control the transfer of arms in a direct way been addressed; several indirect methods—with or without the explicit intention of restraining the arms trade—have been proposed.

Reduction of military expenditures

International agreements to reduce military expenditures, especially in the two main military blocs, have been proposed many times. In the past they have failed. At present, the fundamental political changes in Europe and the progress in arms control have led already to a slow-down in the growth rates of military expenditure and even to cuts in the budgets of a few countries. Such measures could possibly have indirect effects—positive and negative—on the arms imports of third world countries. Reductions of military expenditures in the two military blocs could function as a catalyst for disarmament in the third world, especially if there are cuts in programmes of the armed forces and weapons procurement intended for or capable of intervening in the third world. The possible negative effect on arms transfers has already been mentioned above: disarmament in Europe might for economic reasons create pressures for intensified arms exports.

The peace dividend

Far-reaching suggestions to redeploy resources that are presently used by the military for development purposes have been proposed many times within the United Nations. Already in 1950, a General Assembly resolution stressed the necessity of Member States' reducing their military expenditures to a minimum and of using these resources for development and the general welfare, with due regard to the needs of the underdeveloped areas of the world. In 1974 a report by a group of United Nations experts suggested a 10 per cent reduction of the military expenditures of the permanent members of the Security Council. Why did such proposals fail? NATO countries insisted that such a suggestion could be implemented only if one knew what each country was spending on its armed forces. The Soviet Union and its allies, as was usual for that period, refused to supply detailed statistics on their military expenditures, although the Soviet Government itself has suggested such cuts during the 1960s and again in 1973. In 1978 the French Government suggested an international disarmament fund for development.[15] These proposals were never implemented. The present situation is, however, more promising, and new initiatives could lead to better results than in the past. A barrier to chanelling resources into third world development is the intention in most countries to use the peace dividend for compensatory programmes in their own countries or to increase economic assistance to Eastern Europe.

Tax on armaments

The report of the Brandt Commission (Independent Commission on International Development Issues, 1980) proposed a tax on arms transfers that could benefit development aid. Within the United Nations it was proposed to institute a tax on armaments based on the military budgets of States. This tax would amount to 5 per cent of military budgets and would be paid to the United Nations, to be used exclusively for development assistance. There was, however, no agreement on this proposal. One of the counter-arguments was that the positive aim of development should not be related to armaments, and, it was pointed out that, with such a tax, the higher military expenditures were, the more monies the fund would have, and vice versa. More significant, however, were the objections of the major military Powers; they were not in favour of such a proposal since they would have to carry the main burden of such a tax.

Increased development assistance for countries with lower military expenditures

More convincing could be a concept that uses the level of military expenditures or arms procurement as a criterion for development assistance in recipient countries. Initiatives within developing countries for regional arms restraint in order to reduce social and economic conflict could thus be assisted by development aid.

"Conditionality" and debt moratoriums

Arms are usually exported only when these exports are financed. This might be an effective leverage for arms control. SIPRI has registered stagnating imports of major weapons to third world countries owing to the decreasing income of oil-exporting countries as well as to the high debts of several developing countries. Provisions should be made to guarantee the use of resources freed in debt moratoriums for development programmes.

Prohibition of arms advertisements

Needless to say, a demand for arms exists in developing countries. This demand is further stimulated by intensive advertisement and sales campaigns by the producing companies of industrialized countries, partly in co-operation with specialized government agencies. A prohibition of arms advertisements in newspapers and magazines and of arms exhibitions would be one means of controlling one of the driving forces of the arms dynamic.[16]

Conversion to civil production

Arms are also exported since this is a profitable business and helps to keep production capacities utilized. Excess production capacities, which have emerged in almost all the countries of the two major alliances as a result of the slow-down of the arms race and the stagnating demand, result in increased export activities. Converson to civil production is one means of reducing economic pressures upon arms export companies. Now that the issue has moved from a theoretical discussion to the practical and concrete problems of companies, regions and countries, the time has come for a bold approach. Conversion funds, fuelled by the resources freed through disarmament, and investment in alternative projects could function as a stimulus for disarmament and compensation for arms exports. A popular proposal suggests that for every dollar, rouble, pound, franc, mark and so on invested in military projects, one dollar, rouble, etc. should go into alternative technologies. While conversion could be negotiated multilaterally (e.g., a Western European conversion programme), it is at the same time possible and necessary to introduce unilateral national measures.

Multilateral controls: lessons and prospects

Obstacles

One difficulty in controlling the arms trade is the lack of data to verify international agreements. As far as arms transfers are concerned, only two institutions – the United States Arms Control and Disarmament Agency (ACDA), which bases its publication on intelligence agency information, and SIPRI, which uses public sources – publish global statistics on arms transfers. Proposals to establish a United Nations arms trade register along the lines of the League of Nations register have been made but have not been adopted. Correctly, several Governments in developing countries have drawn attention to the fact that an arms trade register would record only the arms trade, while leaving production unchecked, a point that had already been debated during the negotiations on the 1925 Geneva Convention concerning traffic in arms.[17] The major part of arms that are produced are not traded internationally, but bought by the armed forces in the producing countries.

As long as no strict non-intervention policy is adopted by the major Powers and their allies, third world Governments are likely to resort to arming themselves and importing weapons as a means of defence against outside aggression.

Besides several factors which "push" for an increased arms trade in supplier countries, there are "pull" factors in importing countries as well. In recipient countries, agreements to reduce arms transfers are considered as a possible threat to their sovereignty. Supplier cartels are looked upon as neocolonial or patriarchal notions and are therefore rejected. As long as the two major military blocs keep the arms race going, thereby also affecting the security of third world countries, efforts to regulate arms exports are based on a weak moral position. This situation is beginning to change. While arms control forums exist and are now being seriously used in Europe, no such regional forums have been established in the third world.

Arms are used today to solve conflicts of an internal nature as well as conflicts with neighbouring States. Armed force is used to crush rebellions, to break strikes, to implement counter-insurgency strategies, to deter aggression from outside, or to fight for territories or resources.

The East-West conflict has a South dimension, which is only gradually changing. The major part of the world has been considered by the super-Powers and their allies as an object of their own security ambitions. As in a zero-sum game, the loss of influence of the other side has been considered as an asset and vice versa.

Many suggestions for multilateralism—but by no means all of them--suffer from the disinterest of important countries.

Super-Power competition is—as has been pointed out—far from being the sole cause of third world conflict. Conflicts in the third world arise often (possibly primarily) out of regional and domestic conflicts, which would not disappear entirely if outside intervention were halted.

The arms business is quite a profitable business, both for producers and dealers and other middlemen. Millions of jobs are created by arms production. Control of arms transfers and arms production is, of course, resisted by very powerful and influential forces.

Lessons to be learned

In reviewing past experience, analysing the obstacles to control arms transfers and looking at the economic and political interests involved, one cannot be very optimistic about the outlook for arms-transfer control. However, the rapid changes that took place in 1989, especially in Europe, might improve prospects somewhat. A number of lessons can be learned from past experience:

1. The most effective mechanism in curbing the growth rate of arms traffic was unintentional – constraints on resources in importing countries, that is, high debt levels and reduction of hard currency reserves.

2. Proposals for arms-transfer control were very often an expression of vested interests. Unless they are directed towards the benefit of all participants, they are bound to fail.

3. Proposals made in the past seldom reflected the conviction that positive effects would result from disarmament.

4. An institutional and operational verification system is needed to reduce or remove the distrust of potential participants in an arms-transfer control agreement.

5. Universal agreements often failed as a result of widely differing opinions and interests.

6. Treaties that aim at universalism (like the non-proliferation Treaty) are difficult to negotiate. If ratified, however, their success in imposing constraints is more likely than in the case of an agreement restricted to a particular group of States.

7. Supplier cartels – both regional and on key technologies – discriminate against certain countries. Nevertheless, supplier cartels can be effective, especially if their duration is limited.

8. Supplier cartels are less effective if not all the major potential suppliers are included.

9. Inclusion of arms production in the transfer-control negotiations complicates the issue but reduces objections in the importing countries.

10. There was and still is a lack of initiatives from recipient countries. Since the market has changed from a sellers' to a buyers' market, proposals from recipient countries are needed.

11. Regional proposals, while discriminating if imposed by suppliers, are probably the most promising avenue for arms-transfer control if initiated by the countries of the region.

Causes

Arms are not the only cause — and certainly not the primary one — of armed conflicts. A reduction of arms transfers requires, first of all, defusing domestic tensions and conflicts between neighbouring countries by political and economic measures, without resort to force.

Without a clear understanding why weapons are sold and bought, attempts at controlling their trade are not likely to be effective. The implementation of some of the lessons mentioned above might help to restrict the supply of arms temporarily. To come to an effective and lasting control it is necessary to look at the roots of the forces that drive the arms trade and remove their causes.

The "push" factors of hegemonistic power politics would have to be changed into confidence between North and South; production capacities of the arms industrial base would have to be converted, and the profitable production of arms would have to have civilian alternatives.

On the customers' side, conflicts would have to be settled peacefully, competition and rivalry between neighbouring countries would have to be changed into partnership, and corruption and bribes — considered by some observers as a strong incentive for purchasing arms — would have to be prevented by penalties.

Changed attitudes both in exporting and importing countries are needed. In other words, a different international situation, without recourse to force would allow for control of arms transfers. While this seems not to be impossible, it is by no means assured and — in the short term — not even very likely. Less ambitiously formulated, one could say that it is not utopian to begin the process, to take steps towards a whole range of measures to improve crisis stability, to create regional confidence, to remove the potential causes of conflict and to create procedures, institutions and forums for disarmament on regional levels. Looking at the different means available, it seems several national control measures — that is, unilateral steps of both exporting as well as importing countries—would be helpful to create a favourable climate for multilateral control agreements.

Notes

1. I am grateful for comments on an earlier draft of the paper by Ian Anthony. As usual, the views expressed in this paper are entirely those of the author and do not necessarily represent official views of SIPRI.

2. Christian Catrina, who prepared an overview study on the arms transfers for the United Nations Institute for Disarmament Research (UNIDIR), uses slightly different categories. Catrina, C., *Arms Transfers and Dependence*, (Taylor & Francis: New York, 1988), pp.124-125.

3. Akashi, Y., "Problems, trends, and prospects for global disarmament", in *Japan Review of International Affairs*, No. 2, 1989, pp.145-158.

4. This section draws on Anthony, I. and Wulf, H., "The trade in major conventional weapons", SIPRI, *SIPRI Yearbook 1990: World Armaments and Disarmament* (Oxford University Press: Oxford 1990,), chapter 7.

5. Ohlson, Th., SIPRI, *Arms Transfer Limitations and Third World* Security (Oxford University Press: Oxford, 1988), p.1. Brzoska, M., "The arms trade-can it be controlled?", in *Journal of Peace Research*, No. 4, 1987), pp.327-331 comes to a pessimistic conclusion too.

6. Ohlson, Th., (note 5), pp.2-5.

7. Ohlson, Th., (note 5), p.2.

8. See, for example, Väyrynen, R., "Curbing international transfer of arms and military technology", in *Alternatives* No. IV, 1978-1979, pp.87-113, especially table 2, p.92, and Harkavy, R., *The Arms Trade and International Systems* (Cambridge, Mass.: 1975), pp.212-239. In this section I draw on a previous publication, Wulf, H., "Arms transfer control: the feasibility and the obstacles", in Deger, S. and West, R. (eds.) *Defence, Security and Development* (Frances Pinter: London 1987), pp.190-206. See for a discussion of the different types of control mechanisms, Nolan, J., "The conventional arms trade: Prospects for control" (Peace Research Centre, Research School of Pacific Studies, Australian National University: Canberra 1988), Working Paper No. 42.

9. As for CAT, see Salomon, D., Louscher, D. and Hammond, P., "Lessons of the Carter approach to restraining arms transfers", in *Survival*, No. 5, 1981, pp.200-208; Blechman, B., Nolan, J. and Platt, A., "Pushing arms", in *Foreign Policy*, No. 46, 1982, pp.138-154.

10. Hollinger, F.J., "The missile technology control régime: A major new arms control achievement", in United States Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1987*, Washington 1988, pp.25-27. Karp, A., "Ballistic missile proliferation", SIPRI, SIPRI Yearbook 1990:

World Armaments and Disarmament (Oxford University Press: Oxford, 1990), chapter 9.

11. For details of the imports, see SIPRI-statistics in *SIPRI Yearbook 1989: World Armaments and Disarmament* (Oxford University Press: Oxford, 1989), pp.226-227.

12. Varas, A., "Regional arms control in the South American context", in Ohlson, Th., (note 5), p.180.

13. The following embargoes were the most prominent: Albania and Bulgaria (1949); China and North Korea (1951); Near East Region (1956); Portugal (1962); South Africa (four Security Council resolutions since 1963); and Southern Rhodesia (1965).

14. Landgren, S., SIPRI, *Embargo Disimplemented*, (Oxford University Press: Oxford 1989).

15. Aspects of this issue are discussed in various volumes of *The United Nations Disarmament Yearbook*. See in particular vol. 11: 1986, chapter XIX, and vol. 12: 1987, chapter XVIII.

16. A legislative proposal to that effect was initiated in 1985 in the Parliament of the Federal Republic of Germany by the opposition Social Democratic party. It was turned down by the majority of the governing parties.

17. Harkavy, R., (note 8), pp.214-215.

Possible Multilateral Action to Reduce International Arms Transfers

Maj Britt Theorin

In the Charter of the United Nations, Member States have agreed to promote "international peace and security with the least diversion for armaments of the world's human and economic resources".

The cost of the arms race is hard to grasp - an estimated $1 trillion, or $1,000 billion dollars. In economic terms, the conventional arms race accounts for by far the greater share of resources diverted to armaments. According to a rough, but common, estimate, about 80 per cent of total military expenditure is allocated to conventional arms and armed forces. Therefore, although the nuclear-arms race is and remains our prime concern, we must also reverse the world-wide race in conventional weapons. The international trade in arms is a crucial mechanism in the dynamics of the conventional arms race.

Historically, there has never been a type of weapon that was produced but not used.

Our preoccupation with the arms trade, as with other aspects of the arms race, stems from three different concerns. First, when used for hostile purposes, weapons kill or maim our fellow human beings. Secondly, even if not directly used against people, weapons steal resources away from us. Thirdly, the competitive accumulation of weapons is a source of tension, particularly in conflict-ridden regions. The access to weapons in itself may not only be a destabilizing factor, but also increase the risk of armed hostilities.

As has been stated over and over again, the arms race and its political, economic and social consequences are incompatible with the implementation of an international order based on justice, equity and co-operation.

Maj Britt Theorin is a Member of Parliament and Chairman of the Swedish Disarmament Commission, with the rank of ambassador, Ministry for Foreign Affairs, Sweden.

The huge consumption of natural resources and the waste of human talent on potentially destructive purposes are in stark contrast to the poverty and need in which two thirds of the world's population live. Hundreds of millions of people in the world are starving. Hundreds of millions have little or no access to medical services. Hundreds of millions cannot read or write. At the same time, hundreds of billions of dollars are being wasted on ever more sophisticated weapons systems. Every year.

With merely a small share of those resources, the international community would be able to combat hunger and disease, remedy the lack of shelter and meet the need for education.

In approaching the issue of international arms transfers – or any aspect of the arms race – today, we must not overlook the fact that we are living at a time of rapid political change. This dramatic process has global ramifications. An essential element has been the peaceful resolution of armed conflicts in several parts of the world. A concomitant trend has been the reinvigoration of the United Nations and the re-establishment and recognition of its legitimately central role in world security. But the most far-reaching change has centred on Europe, the most heavily armed continent, where the two major military alliances face each other directly.

A totally new Europe is emerging, a Europe that has left entrenched rivalries behind, that has moved beyond the cold war. A Europe of democracy, progress and common security.

The most dramatic element in this process is the political about-face in Eastern Europe. The comprehensive programme of societal transformation in the Soviet Union, code-named *glasnost* and *perestroika*, the drastic – even sensational – unilateral Soviet and Eastern European disarmament undertakings, and, above all, the massive wave of democratization last autumn have completely revolutionized Europe.

What is particularly satisfying is that, with one exception, all of this has been brought about as a result of peaceful, popular, political mobilization.

The improved political climate has also produced tangible results in the field of disarmament. In December 1987, the Soviet Union and the United States concluded the first nuclear disarmament agreement in history – the Treaty on the elimination of intermediate-

and shorter-range missiles (INF Treaty)—and are now in the process of physically destroying land-based intermediate-range nuclear missiles. A militarily epochal bilateral super-Power agreement on considerable cuts in strategic nuclear weapons is under way and expected to be signed this year. Likewise, an agreement on significant conventional arms reductions in Europe is expected to materialize this year. The super-Powers are negotiating a bilateral agreement to cut back most of their chemical-weapon arsenals, as a step towards a global comprehensive ban on chemical weapons.

In addition to negotiated disarmament measures, several countries in both East and West - including the Soviet Union and the United States - are now taking unilateral steps to reduce and to restructure their military forces in the direction of more defensive postures.

While East and West are in the process of negotiating significant conventional force reductions in Europe, Hungary and the Czech and Slovak Federal Republic have recently reached agreement with the Soviet Union on complete withdrawals of Soviet troops from their countries by July 1991.

A curious, yet truly fundamental, feature of the dynamics of this situation is that the perception that the military threat is dissolving tends to become a self-fulfilling prophecy. As I mentioned, there are many signs indicating that this is beginning to take place in the East-West relationship. However, the dramatic transformation of the world political order—by far the most profound and comprehensive change since World War II—entails completely new opportunities outside the framework of East-West politics.

This totally new situation ought to have an effect in one way or another on the weapons trade. It is from this vantage point that I propose that the world community now approach the matter of international arms transfers.

The nuclear-weapon States and the two major military alliances account for the largest proportion of armed forces and weapons in the world. Nearly all technological innovation in weaponry takes place in a very few countries. The pace of the arms race and the rate of the obsolescence of weapons throughout the world is set by these countries. This dominance by a few military-industrial

Powers is a key factor shaping the attitudes of a large number of States to international arms trade restrictions.

However, if this is the basic framework, the complete picture is certainly much more complex. In the post-war period, the global arms market has evolved from deliveries of surplus equipment, often sold at subsidized rates, to commercial transfers of ultra-modern weapons systems. This transformation involves the gradual integration of developing countries into the global, military-industrial division of labour.

What now emerges is a complex web of trade in military technology in all directions: North to South, but also South to North; intra-North, but increasingly also intra-South. International co-production and technological co-operation arrangements proliferate and tend to complicate arms export limitations. Most international arms transfers take place on a Government-to-Government basis, but there is also a certain volume of weapons traded on the grey or black markets.

A complex mix of interests is thus involved, and this, I believe, is one key element to bear in mind in trying to come to grips with the difficulties of restricting international arms transfers. However, fundamentally the determining factor is the drastic asymmetry which still characterizes international arms transfers: dominance by a few suppliers, on the one hand, and the total or near total dependence on imports by a large number of countries, on the other.

Sporadic attempts to monitor, to regulate or to restrict the international arms trade have been made in the past through the United Nations. Generally, they have not been very successful.

Sweden, for its part, conducted a series of bilateral talks at the United Nations a few years ago with a number of arms-exporting and arms-importing countries. The general conclusion was that there was deep-seated scepticism about the idea of international restrictions on the arms trade, among arms exporters and importers alike.

I should like to emphasize that in many cases the developing countries have been the strongest opponents of arms transfer limitation for the simple reason that they are dependent on foreign suppliers of weapons. Recently, however, this appears to have changed. Interest in monitoring transfers may now be growing internationally, including among some arms-importing developing countries.

In 1988, the United Nations General Assembly stated that arms transfers deserved serious consideration because of their potential effects in areas of tension and regional conflict and because of their known and potential negative effects on the process of peaceful economic and social development. Such consideration was needed also, it said, because of increasing illicit and covert arms trafficking. The General Assembly asked Member States to consider strengthening their national systems of control concerning the production and transport of arms, to examine ways to refrain from acquiring arms beyond those needed for national security and to examine ways to achieve greater openness with regard to world-wide arms transfers. The Assembly also asked the Secretary-General to seek the views of Member States on these matters and to carry out a study on ways and means of promoting transparency in international transfers of conventional arms. The study will be carried out with the help of governmental experts between January 1990 and July 1991.

The introduction of this subject into the agenda of the Disarmament Commission and the carrying out of a United Nations study are steps towards a meaningful and substantial dialogue. It is essential that both suppliers and recipients be involved in this dialogue.

The largest suppliers in the world market are the United States and the Soviet Union, followed by the United Kingdom, France and China. According to available statistics, Sweden accounts for about 1 per cent of the world's arms exports.

In 1989, Sweden's military exports amounted to approximately $1 billion. This corresponds to 1.8 per cent of all Swedish exports of goods that year. This indicated somewhat of a decline in both absolute and relative terms compared to 1988.

In Sweden, both the manufacture and the export of military equipment are subject to government control. Ever since 1935 the manufacture of military equipment in Sweden without permission from the Government has been prohibited. A corresponding general ban on the export of military equipment has been in force since 1918.

Exemptions from this general ban must be decided by the Cabinet or, in less important cases, by the Minister for Foreign Trade.

In recent years, Sweden's arms exports have been the subject of considerable interest. One reason is that some exports of military equipment have found their way to countries for which export permits were not granted. These transactions are now being dealt with by the courts. Another, perhaps more fundamental, reason is that many people find a contradiction in the fact that a small, neutral country like Sweden, committed to international disarmament and peace-building efforts, should engage in arms exports at all.

Swedish rules and policies concerning exports of military equipment have been – and remain – the subject of intense public interest and debate. They have been scrutinized by a succession of public commissions during the post-war period. It is essential that applicable rules be observed; that the regulations be enforced; and that, if loopholes are discovered, they be eliminated.

Since 1983, the export control régime covers not only the export of hardware, but also the foreign sales of manufacturing licences and military training of foreign nationals in Sweden. Since 1988, manufacturers may not undertake to develop military technology for a foreign customer without government permission.

No military export permits are issued without a "Declaration by End User", signed by the recipient Government. Special certificates are used for explosives and certain standard components. Through such "Own Production Declarations", a foreign manufacturer certifies that the equipment is to be used in local manufacture and will not be re-exported separately.

On the domestic front, greater transparency has also been pursued. Since 1985, the Government has submitted an annual public report to Parliament on military exports during the previous year.

Since 1988, manufacturers are to inform the Government on a quarterly basis of their international marketing, and they must notify the Government at least four weeks prior to issuing a quotation or signing a sales agreement with a foreign customer. The Government may prohibit the issue of a particular quotation or the signature of a particular agreement.

Parliamentary scrutiny of decisions concerning the export of military equipment is carried out by the Standing Committee on Constitutional Affairs, which may ask to see the relevant files. The Committee regularly questions members of the Cabinet and responsible officials, both in closed and open hearings.

International arms transfers are a sensitive issue. In the recent past, few attempts have been made to monitor, regulate or restrict the international arms trade in a multilateral framework. The limited experience available so far indicates that if an arms transfer restriction measure is to receive serious consideration, all countries must be satisfied that the proposal is not discriminatory. This entails even-handedness for arms suppliers and arms recipients alike. It also may necessitate discussion, not only of commercial sales, but also of all aspects of arms transfers and production, including arrangements such as co-production, standardization, technological co-operation, off-set cost arrangements and other relevant financial agreements.

In considering possible measures that might limit or reduce any kind of international conventional arms transfers, we must bear in mind the reasons why past attempts have not been successful and recognize the complex political sensitivities that exist.

Of course, we have to take into account and make the most of the promising current world situation, but at the same time we must not overlook the political sensitivities that underlie the difficulties in reaching agreements in this area.

The treatment of the issue of the arms trade in the unanimously adopted Final Document of the first special session of the General Assembly on disarmament, in 1978, is very revealing. This is a document which has enjoyed unrivalled pre-eminence in the field of disarmament ever since.

I would like to quote paragraph 85 in this document. I apologize in advance for the unintelligible terminology and the horrendous syntax, but this unwieldy, overloaded compromise captures in a nutshell the diverse interests at stake:

> "Consultations should be carried out among major arms supplier and recipient countries on the limitation of all types of international transfer of conventional weapons, based in particular on the principle of undiminished security of the parties with a view to promoting or enhancing stability at a lower military level,taking into account the need

> of all States to protect their security as well as the inalienable right to self-determination and independence of peoples under colonial or foreign domination and the obligations of States to respect that right, in accordance with the Charter of the United Nations and the Declaration on Principles of International Law concerning Friendly Relations and Co-operation among States."

The overriding objective of United Nations actions in this field should be to contribute to securing peace at lower levels of armaments in all conflict-ridden regions, without impairing the inherent right of States to self-defence. In other words, conditions should be created which make it possible for States to refrain from acquiring arms which destabilize the situation in the regions in question.

This recommendation has acquired added force in the present promising world political situation.

Strict adherence to the Charter of the United Nations, implying, *inter alia*, the resolution of conflicts by negotiation, inquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means is essential for the maintenance of peace and security with the least diversion for armaments of a State's human and economic resources.

This recommendation has acquired added realism in the present situation, where the authority of the United Nations has been strengthened considerably.

Furthermore, a wide range of measures contributing to a climate of confidence and co-operation between States should be promoted within and beyond the military sphere. The application in different regions of confidence- and security-building measures could play a fruitful role in this respect.

The European region has considerable experience in the implementation of a set of militarily significant confidence- and security-building measures. These measures are tailor-made for Europe, but not readily exportable to other regions, and they do not specifically address issues of international arms transfers. However, their general approach may serve as a source of inspiration for devising other confidence-building measures.

Tensions in some regions could be relieved and potential sources of conflicts removed by concerted development assistance efforts.

In this period of rapidly developing détente, progressively more attention has to be given to the reallocation of resources from military to civilian purposes, including the conversion of military industry to civilian production.

In many respects, multilateral, bilateral and unilateral approaches should go hand in hand. In some respects, however, due to the structural peculiarities of the international arms trade and the political sensitivities involved, a multilateral approach may hold greater promise.

I would like to make five specific suggestions:

1. We should consider the possibility of establishing a register of international arms transfers within the United Nations framework. Such a register was attempted by the League of Nations. Admittedly, the situation is vastly more complex today, but the idea is worth serious consideration once more, given the new world political situation. The United Nations experience in collecting and comparing data on military expenditures may prove useful in this context.

2. Increased openness concerning arms transfers and possible agreements to restrain the transfer of arms, between major suppliers and recipients in the first place, should focus in particular on offensive armaments and weapons systems which are perceived as threatening the security of other countries. A case in point is the effort by Latin American Governments to keep supersonic fighter aircraft outside the region. It would be necessary to ensure that supplier countries which did not participate in such arrangements would not simply expand their transfers to fill the "vacuum" arising from agreed restraints in arms transfers. This objective would be best served if both suppliers and recipients participated in agreements on arms transfer restraints.

3. Recipient countries could separately negotiate regional agreements on arms-import restrictions. Again, I may cite the Latin American attempt as an example. In addition, agreement between recipients could be strengthened by corresponding agreements with or between suppliers.

4. Supplier countries may consider, if possible in dialogue with recipient countries, joint applications of rules of restriction. Specifically, as the Soviet Union and the United States account for the greatest part of arms transfers, they could consider reopening their bilateral talks on the limitation of conventional arms transfers.

5. The time has come to consider in earnest the conversion of military industry to civilian production, since excess arms production capacity must not become a catalyst for dumping surplus weapons on the world market when domestic demand decreases in arms-exporting countries. This process is already emerging in some countries. There are also reports of international co-operation in the field, such as between West German and Soviet companies.

Part Five

United Nations symposium on transparency in international arms transfers

National Restraints and Limitations on Arms Transfers in the Interest of International Security

(Working Group I)

Timur Alasaniya

The discussion in Working Group I evolved in several directions, among which the following 5 stand out.

1. The role and place of ideological elements in sustaining arms transfers.
2. Changing security concepts at the national and international level.
3. Production, seen in terms of demand and supply, conversion of facilities, balance of trade, and so on.
4. Unilateral steps - including legislative procedures, as well as real measures of restraint.
5. Transparency in arms transfers as part of a greater openness in military matters, and objective information concerning plans, activities and actual military programmes, especially in arms production and procurement.

During the deliberations, a consensus emerged that transparency, taken in its broader context, is a starting-point, a sort of first step towards any meaningful national or international restraints, as well as towards the application of a wide variety of confidence-building measures (CBMs) to the area of arms transfers.

Besides stressing the importance of the publication of data by individual Governments, the participants concentrated on the suggestion to establish an international register of transfer. Discussion here focused on two aspects: (a) to make the register acceptable in principle to all countries, through highlighting its potential positive effects and (b) to develop step-by-step its parameters, substance and format.

Timur Alasaniya is Political Affairs Officer in the Department for Disarmament Affairs, United Nations, New York.

It was understood that such a register should be maintained by the United Nations and serve as a data bank on global arms transfers. Members of the Group noted that changing security concepts were the basis for the present favourable atmosphere in the world. It was pointed out that major suppliers increasingly understood that military disengagement in Europe should be complemented by restraining steps in the third world if they were to escape the risk of being dragged into local or regional conflicts against their will.

At that point, unilateral as well as co-operative measures on the part of suppliers were discussed. Participants also agreed that, in the past, arms transfer policies had been driven mostly by ideological differences. With these elements diminishing and, in some cases, completely vanishing, arms transfers were being conducted more and more for economic and other reasons.

In this context, great emphasis was put on arms production and also on the conversion of facilities to civilian use. Participants recognized the difficulty of verifying this process, but agreed that conversion should be carried out openly, with the full knowledge of the public.

Some members of the Group mentioned that the problem of arms transfers could not be solved by one single approach. Rather, unilateral, bilateral, regional and multilateral global efforts of a mutually complementary nature should be made.

From this perspective, participants paid special attention to regional and subregional arrangements. It was also mentioned that those arrangements should not necessarily be limited to the arms transfer problem, but should include economic, political, cultural, scientific and other agreements as well. In this connection, some members of the Group presented a list of requirements for any successful regional or subregional arrangements.

All recognized that the greatest importance should be accorded unilateral steps, especially in the area of declared military doctrine, non-threatening deployment of forces, and readiness to resort to international law and existing legal instruments in solving regional problems.

While recognizing that European CBMs were not readily applicable to the third world, it was repeatedly underlined that the European experience could be used to a somewhat limited extent.

Some participants also spoke of the need for major suppliers to encourage recipients in using CBMs or designing new ones, and also to act as guarantors of any regional or subregional arrangements.

There was a fair degree of convergence of views on the part of both suppliers and recipients with regard to measures to prevent upsetting an existing balance through the introduction of more destructive arms into regions; to prevent the creation of potentials for large-scale offensive operations; to stop arms deliveries for an agreed period in crisis-prone areas; and to prevent the introduction into regions of types of weapons which do not exist there, especially sophisticated ones.

Participants agreed that the United Nations could and should take upon itself the task of creating an atmosphere conducive to pragmatic discussion of the arms transfer problem.

The United Nations could not only be the custodian of the relevant information, but should also act to ensure that interest in the regulation of arms transfers would not fade.

The United Nations and especially the Secretary-General's good offices could be instrumental in dispensing professional and other services to those countries or groups of countries which would like to enter into regional agreements.

If so desired by members of such arrangements, the Secretary-General could undertake fact-finding missions, thus providing an impartial verification mechanism for emerging security structures. Though it was understood that, for now, the verification of transparency by the United Nations or any other international mechanism was not feasible, it was felt that this possibility should be kept in mind for the future.

Possible Multilateral Action on International Arms Transfers As a Means of Building Confidence and Resolving Conflicts

(Working Group II)

Prvoslav Davinic

My task of submitting a report on Working Group II is both difficult and easy. It is difficult because, in the course of the exchange of views, so many ideas were expressed and specific proposals put forward that it would require much more time than is available to systematize them, draw pertinent conclusions and present them in a meaningful fashion. At the same time, the task is easy because the participants expressed their views with an exceptionally high level of clarity and made generally very sharp and pointed observations. This should not be surprising, given the presence of so many scholars and other experts who deal with this subject-matter on a professional basis. Nevertheless, I would like to point out that this report highlights only some of the questions raised and some of the areas discussed.

With this general observation, let me focus on the issues that were discussed and convey to the plenary some of the major thoughts generated in the process.

First of all, I believe, everybody agreed that the question of arms transfers could not be considered in a vacuum, in isolation from what was going on in the world in general. From that point of view, it was noted with a great deal of satisfaction that the international environment was changing for the better and that we might be entering a period in international relations when this issue - unlike in the past - could be meaningfully considered in international forums.

It was also pointed out, however, that the issue of transparency of arms transfers and, for that matter, the whole area of arms transfers to the third world was, to a large extent, a political question, one that affected very directly the national security interests

Prvoslav Davinic is the Chief of the Monitoring, Analysis and Studies Branch of the Department for Disarmament Affairs, United Nations, New York.

of both recipients and suppliers. Therefore, the sensitivities which had surrounded consideration of this issue in the past would, to a large extent, continue in the future. This was an aspect which could not be overlooked in the discussions of how to go about regulating arms transfers.

It was also observed that, in dealing with this question, both situations - peacetime and wartime - should be covered. Some participants felt that there were already a number of regulations dealing with arms supplies in war situations, whereas the regulatory process was lagging behind with regard to the peacetime aspects of the problem.

Discussions also centred on the question of the volume of arms transfers. Some very interesting observations were made in this connection. Contrary to the general impression that the volume of arms transfers was directly related to war situations in various regions of the world, figures were quoted supporting the view that the exports of weapons by major suppliers were not really so closely related to tensions and crisis situations. Rather, they followed a certain pattern which was generally constant, changing only slightly in time of war. On the other hand, as regards exporters that had entered the market only in the last decade or so, the volume of their exports seemed to be more closely related to conflict-situations. This was singled out as a matter that might in various ways complicate efforts to regulate the flow of weapons to the third world.

It was also pointed out that conflicts were now different from what they had been in the past, during, for instance, the process of decolonization. This change was reflected in the demand for different types of weapons and support equipment. Therefore, the nature of conflicts - both external and internal - had become an important aspect in considering how effectively to regulate arms supplies to one region or another.

The discussions also dealt with the question of the scope of the measures that might be considered at the multilateral level. While it was only natural to talk about weapons and weapons systems, it was equally important to pay close attention to the export of weapon components, because in specific situations and specific regions this had been observed to be a major problem. For instance, there were areas of conflict where the export of weapons was generally prohibited, but the relevant laws sometimes did not cover the export of components. This, then, provided a very convenient vehicle for importing weapon parts, which were later on put together to complete a weapons system - a system that was, as such, subject to an export embargo.

The question of the policies of suppliers, on the one hand, and recipients, on the other, received a great deal of attention. Apart from general observations, some very specific points were made. It was generally felt that, for the success of any attempt to regulate arms supplies, it was absolutely essential to include in the discussions all suppliers—both major and smaller. However, it was noted that, while this requirement was essential and should certainly be pursued, it might prove rather difficult to fulfil because some of the important suppliers generally acted on their own and might prefer even in the future to remain outside any such joint efforts. If that proved correct, it might complicate international efforts to reach a common understanding on supplier policies, including restraints on exports.

In this connection, it was pointed out that, notwithstanding the fact that in both supplier and recipient countries the Government was actually in control of these matters, the role of private companies was gaining considerably in importance.The problem of private companies was singled out as one that required close scrutiny, since a number of them tended to circumvent various internal regulations restricting supplies of weapons or their components to foreign recipients. In addition, it was mentioned that there were a number of private international companies operating with capital coming from most diverse sources - a situation which could, in practice, have an influence on the export policies of these companies to certain very sensitive regions.

It was also noted that, in dealing with the regulation of weapons exports, and by implication their production, the question of readjustments in economic production plans was another aspect that had to be looked into. Otherwise, there would be constant pressure by the producers to sell and export weapons for economic reasons.

As regards recipient countries, it was pointed out that, generally speaking, they were now willing to consider restraints on transfers with a view to slowing down their arms imports so that they could pay closer attention to their economic needs. At the same time, however, it was recognized that any measure that might be agreed upon to limit arms supplies, if it were to be effective, should not be discriminatory, i.e., disregard the legitimate national security requirements of the developing countries or, under the guise of regulating arms supplies, deny them the right to acquire modern technologies for their economic development. Third world countries, it was stressed, would be opposed to any measures that would reduce them to a level of second-rate States.

Some participants expressed caution on the grounds that the introduction of strict limitations on arms supplies might prompt a number of importing countries to start their own indigenous weapons production, a development which might considerably complicate the situation in various regions.

The discussions in the two Working Groups on the question of possible approaches to the regulation of arms supplies seem to have overlapped. It was generally felt that the global approach, while desirable, might be less effective in responding to specific situations in different areas of the world. The regional or even subregional approach was viewed as more practical. In certain instances, it might even be desirable to focus on regulating arms supplies to just one or a few neighbouring countries, if the nature of the tension or the conflict in the area warranted such an approach. Several specific situations of this kind were mentioned as convincing examples.

In this connection, one very interesting idea was put forward, namely, that action for the limitation of arms supplies might be based on the principles derived from the nuclear non-proliferation Treaty: such an initiative should come from the States in the region wishing to limit arms imports and appropriate commitments in terms of both observing the restrictions and providing security assurances should be undertaken by outside Powers, say major suppliers, and also, in one way or another, by the United Nations.

For some participants, a broad multilateral approach was also desirable for a specific reason. They pointed out that it would provide greater assurances for smaller countries, which, if subjected to bilateral pressure or pressure from the region, might not be able to meet their needs satisfactorily—those needs had to be fairly assessed in multilateral forums.

Having recognized the complexities of the issues involved in the full-scale regulation of arms supplies, the participants devoted a great deal of attention to possible initial measures which might prepare the ground for more far-reaching action. It was generally pointed out that enhancing the transparency of arms supplies might be one way of approaching this problem at an early stage. This would certainly entail confidence-building measures, but confidence-building measures were only a first step.

While supporting the notion of transparency of arms supplies in general, many participants noted that this concept must first be properly defined. Did it cover exports/imports, or stockpiles of weapons as well, or even the production of weapons? In this connection, the possibility of a register was mentioned. Here, again, a note of caution was heard: such a register would be meaningful only if a sufficient number of countries were involved in the reporting. The scope of the register might be defined in various ways: it might cover specific types of weapons, specific countries, or specific conflict-areas, or it might be of a global nature.

It was also noted that the register would not be an end in itself. It should serve as the first step, eventually leading to the reduction of arms transfers altogether and to arms limitation and disarmament agreements in specific areas. Some participants felt that, while more information was always useful and needed, it was equally important to show goodwill and co-operation in the process of sharing information. In this connection, references were made to the confidence-building measures in Europe, where the present arrangements and very promising negotiations on substantive arms reductions were preceded by a high degree of co-operation on a broad range of military matters.

Finally, the question of various mechanisms to deal with the subject-matter was addressed. Some participants felt that certain regional organizations, such as the European Economic Community, had already established procedures which were functioning very well. Many participants referred to a possible role for the United Nations. Most of them felt that the United Nations, for various well-known reasons, had not done much so far in this regard, but that the prospects for its involvement looked much better now and should be carefully explored. This should be done more in terms of fact-finding and monitoring than in terms of verification, since verification procedures might involve sensitive issues that could be better settled in the treaty-specific agreements. One quite novel idea was proposed: that some kind of "watchdog" group could be established under United Nations auspices to monitor arms supplies. This group should consist of non-governmental people and scholars who were highly knowledgeable, but independent in their views.

Some references were also made to the ongoing United Nations study on transparency of international arms transfers being carried out by a group of governmental experts appointed by the Secretary-General. It was felt that this study, in order to be fully meaningful, should go beyond its focus on transparency and analyse the causes of tensions and conflicts, since it was in such situations that demands for weapons become pronounced. Without full knowledge of all these matters, the question of transparency could not be properly addressed.

An Evaluation of the Symposium

Yasushi Akashi

We have come to the end of our deliberations. My impression is that we have had quite a successful and productive meeting. This should not be surprising to anyone, considering the exceptionally high level of knowledge and expertise of those gathered at this meeting, from both governmental and academic communities. I am personally very much encouraged by the results achieved in the discussions in the plenary as well as in those of the two working groups, presented to us by their respective chairmen.

The subject-matter of our deliberations is not new. What is new is the fact that it has received, so to speak, legitimacy as an item on the agenda of the United Nations. No doubt the issue remains highly complex and sensitive. A great deal of work, patience—and even more—open-mindedness will be required before we can expect any tangible results to emerge. Nevertheless, we have started a process whose importance is bound to be recognized increasingly in the international community. I believe this meeting has served to accentuate the irreversible nature of that process.

What makes this beginning promising is the apparent political willingness on the part of both suppliers and recipients to address the issue and, what is more important, to seek mutually acceptable solutions to the problems involved. It is only natural that their perspectives on possible solutions should be different at this stage of the discussions, since after all they reflect different perceptions and requirements of national security. But I have ascertained from our discussions that the will exists, and where there is a will there is also a way.

Another striking feature of our deliberations is the willingness of participants to go beyond the question of transparency, the main topic of the symposium, and address the issue of arms transfers in a comprehensive manner, i.e., in terms of arms limitation and disarmament measures. This approach is very much in line with the prevailing atmosphere in international relations and the willingness of the international community to capitalize on these positive trends and translate them into tangible agreements.

Without in any way underestimating the problems and difficulties that lie ahead of us in trying to achieve concrete results in this field—which will very much depend on whether or not we will be able to sustain the current positive changes in the world—let me try to indicate several areas where, in my opinion, a high degree of convergence of views has emerged at this meeting.

First of all, there was considerable support for promoting transparency in international transfers of conventional arms. It was generally felt that transparency was an appropriate subject for international consideration and action, even though not necessarily suitable for global and legally binding obligations.

Transparency in arms transfers was seen as serving in itself an important purpose: to contribute to greater predictability and confidence. It was felt that the introduction of greater transparency would not prejudice further steps towards restraint in and control of arms transfers; on the contrary, it might facilitate such steps. It could be an important means of strengthening confidence, which could in turn provide a basis for a shared interest in bringing about restrictions on and reductions of arms transfers. Many participants addressed the aspects of arms transfer control, but it was generally felt that this subject could not productively be tackled by the United Nations at this time.

The idea of an international register of arms transfers was thoroughly discussed. It was felt that the most promising approach would consist of building blocks that could be added to as the political situation allowed. It might be possible to start with unilateral, bilateral or regional measures, which could be gradually merged and expanded in geographical scope and participation. During the entire process, the objective of progressively greater coverage of information and data should be kept in mind.

It was noted that the potential arms transfer register should be based on a broad definition of arms transfers in order to make it non-discriminatory. All different forms of arms transfers should be included, i.e., the transfer of components, technology and services, in addition to the transfer of entire weapons systems.

There was general agreement that unilateral measures could play a constructive and significant role in contributing to greater transparency. In this context, it was felt that a more comprehensive and widespread publication of national statistics would constitute a useful, practical step without requiring substantial additional resources. Publication of authoritative, comprehensive and reasonably detailed data on arms exports or imports would be a helpful first element. In the second stage, it might be possible to introduce some degree of standardization into this official and voluntary reporting, laying the basis for a progressively more comprehensive register.

It was felt desirable that all arms suppliers should develop and implement minimum standards of national arms transfer control. Detailed suggestions in this matter were presented in the discussions. It was felt that effective national control would be a prerequisite for more transparency, based on the co-operation of Governments.

It was noted that illicit arms transfers were not — in quantitative terms — the most important part of the global arms trade and that most arms transfers were controlled by the Governments in both the exporting and importing countries. Nevertheless, it was agreed that there was a need for the enforcement of existing national laws. Furthermore, additional restrictions would facilitate efforts to control the arms trade. Particularly important was the insistence on end-user certificates to prevent the re-exportation of weapons.

The significant changes in the relations between North Atlantic Treaty Organization (NATO) and Warsaw Treaty Organization countries and the negotiations on conventional forces in Europe (CFE) could have positive effects on arms transfers as well. It was generally agreed that the conventional arms to be reduced in Europe must be destroyed or converted to civilian use rather than re-sold to third world countries. This process should be subject to strict verification in order to ensure that the weapons do not appear on the market.

There was agreement that while proposals for measures of regional restraint might be considered discriminating if imposed by suppliers, they would be a promising avenue for arms transfer control if initiated by the major countries of the region. Initiatives of recipient countries were particularly appropriate since the sellers' market of the past had changed to a buyers' market.

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Finally, the prospect of the resumption of arms transfer control talks between the two major supplying countries, the Soviet Union and the United States, was welcomed and seemed to be practicable in the light of the improved relations between them. It was considered highly desirable to expand the participation in such talks to include all major suppliers.

Annexes

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Annex I

Message of the Secretary-General

I wish to convey my best wishes for a stimulating and constructive discussion to all the participants in the Symposium on Transparency in International Arms Transfers being held in Florence under the auspices of the United Nations. This event has been made possible, in the first place, thanks to the co-operation and support of the Government of Italy, which has, over the years, contributed significantly to the consideration of this subject.

It is most appropriate that the question of international arms transfers is being examined at a time when we are witnessing a dramatic transformation of the world scene, with major strides being taken away from confrontation and towards dialogue. This trend has, of course, created conditions for dealing with many long-standing regional conflicts; the opportunities opening up before us should not be lost.

By the same token, there are increased possibilities for progress in the area of disarmament through effective bilateral and multilateral effort. For such possibilities to be realized, however, there is a need for greater, and more active, awareness on the part of the international community. This applies not least to avoiding the incalculable dangers that could result from arms transfers to areas of the world where tensions already exist.

As participants in the symposium will be aware, the General Assembly has already adopted a resolution by which it requested Member States to consider measures to reinforce their national systems of control and vigilance concerning production and transport of arms, to refrain from acquiring arms additional to those needed for legitimate national security requirements, and to provide for more openness and transparency with regard to world-wide arms transfers. The General Assembly specifically requested that an expert study on ways and means of promoting transparency in international arms transfers be carried out under the Secretary-General. That study is now under way and will be submitted to the General Assembly at its forty-sixth regular session.

This symposium provides an opportunity to take a fresh look at the problem from the vantage point of the ongoing positive changes in the overall world situation. You may wish to focus on the ways in which governmental initiatives as well as multilateral action can help develop an atmosphere conducive to restraint.

Annex II

List of Participants

Mr. Alexander Akalovsky
Bureau of Multilateral Affairs
Arms Control and Disarmament Agency
Washington, D.C., United States

Professor Umberto Allegretti
Dipartimento di Diritto Pubblico
Università degli Studi di Firenze
Florence, Italy

Dr. Ian Anthony
Research Fellow
Stockholm International Peace
Research Institute
Solna, Sweden

Ambassador Abdel Halim Badawi
Member, Group of Governmental Experts
to carry out a study on international
arms transfers
Cairo, Egypt

Professor Mohamed Benallal
Directeur de l'Ecole Nationale
d'Administration Publique
Rabat, Morocco

Dr. Michael Brzoska
Institut für Politische Wissenschaft
Universität Hamburg
Federal Republic of Germany

Dr. Christian Catrina
Deputy to the Representative for
Special Politico-Military Affairs
Swiss Federal Department of Defence
Bern, Switzerland

Professor Julian Cooper
University of Birmingham
School of Social Sciences
CREES Centre for Russian and East
European Studies
Birmingham, United Kingdom

Dr. Alessandro Corradini
Consultant
Department for Disarmament Affairs
United Nations

Dr. Cecilia Corsi
Dipartimento di Diritto Pubblico
Università degli Studi di Firenze
Florence, Italy

Professor Pierre Dussauge
Associate Professor
Centre HEC-ISA
Jouy-en-Josas
France

Dr. Moshe Efrat
Senior Research Fellow
The London School of Economics and
Political Science
University of London
United Kingdom

Mr. Sami Faltas
Studium Generale
Eindhoven University of Technology
The Netherlands

Dr. Paul Ferrari
Senior Analyst
Investor Responsibility Research
Center Inc.
Washington, D.C., United States

Professor Manoel Gonçalves Ferreira Filho
Faculdade de Direito
University of Sao Paulo
Brazil

Professor Giorgio Gaja
Dipartimento di Diritto Pubblico
Università degli Studi di Firenze
Florence, Italy

Professor Virginia Gamba-Stonehouse
Senior Fellow
Department of War Studies
Kings College London
United Kingdom

Professor Dr. Karl-Christian Göthner
Institut für Lateinamerika-Wissenschaften
Wilhelm-Pieck University
Rostock, German Democratic Republic

Dr. Pertti Joenniemi
Senior Research Fellow
Tampere Peace Research Institute
Tampere, Finland

Professor Hamid H. Kizilbash
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New York, New York, United States

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to carry out a study on international
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19953 – September 1990 – 8,250

Reprinted from "Disarmament Topical Papers 3",
a publication of the United Nations.